

CIRCULAR DATED 15 JANUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of TMC Education Corporation Ltd. (the "**Company**"), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte Ltd ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Circular. This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



TMC EDUCATION CORPORATION LTD

(Company Registration Number: 198102945K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED DISPOSAL OF 100% SHAREHOLDINGS IN TMC ACADEMY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION

Independent Financial Adviser in respect of the Disposal



ZICO CAPITAL PTE. LTD.
(Incorporated in the Republic of Singapore)
Company Registration No.: 201613589E

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 28 January 2018 at 11 a.m.

Date and time of Extraordinary General Meeting : 30 January 2018 at 11 a.m.

Place of Extraordinary General Meeting : 250 Middle Road Singapore 188983

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:-

“Audit Committee”	The audit committee of the Company for the time being
“Balance TMC Loan”	An amount equal to the amount outstanding under the TMC Loan as at (and including) the Completion Date LESS (i) the Cash Consideration paid as partial repayment of the TMC Loan; and (ii) the Waiver Amount waived pursuant to the TMC Loan Waiver
“Board”	The board of Directors of the Company for the time being
“Business”	The business of providing quality and value-added educational courses and services to local and international students
“Business Day”	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“Cash Consideration”	The amount of S\$1,000,000 as set out in paragraph 2.4.1(a) of this Circular
“Catalist Rules”	The listing manual of the SGX-ST, Section B: Rules of Catalist, as may be supplemented, amended or modified from time to time
“CDP”	The Central Depository (Pte) Limited
“Circular”	This circular to Shareholders dated 15 January 2018
“CK & CO”	CK & CO Holding Pte. Ltd.
“Code”	The Singapore Code on Take-overs and Mergers, as may be supplemented, amended, modified from time to time
“Companies Act”	The Companies Act, Chapter 50 of Singapore, as may be supplemented, amended or modified from time to time
“Company”	TMC Education Corporation Ltd.
“Company Loan”	Loan granted by TMC Academy to the Company as set out in paragraph 2.4.5(d) of this Circular
“Completion”	Completion of the Disposal on the Completion Date
“Completion Date”	The date falling ten (10) Business Days from the date on which the Conditions Precedent have been fulfilled (other than such conditions as shall be required to be completed as at Completion) or such other date as the Company and the Purchaser may agree in writing
“Conditions Precedent”	Conditions precedent to be fulfilled or waived under the SPA as set out in paragraph 2.4.3 of this Circular
“Consideration”	Consideration for the Sale Shares payable by the Purchaser pursuant to the Disposal as set out in paragraph 2.4.1 of this Circular

“Controlling Shareholder”	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
“Deposit”	The sum of S\$500,000 as set out in paragraph 2.4.2(a) of this Circular
“Directors”	The directors of the Company for the time being
“Disposal”	The proposed disposal of the Sale Shares by the Company to the Purchaser, in accordance with the terms and conditions of the SPA
“EGM”	The Extraordinary General Meeting of the Company to be convened on 30 January 2018, notice of which is set out on pages 43 and 44 of this Circular
“Employment Transfer”	The transfer of the employment of the Company’s employees from the Company to TMC Academy, as agreed in writing between the Company and the Purchaser, on terms and conditions which shall be equal to the terms and conditions of employment under the Company
“FY”	Financial year ended or ending 30 June
“Group”	The Company and its subsidiaries
“IFA”	ZICO Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors, for the purpose of making their recommendation to Independent Shareholders in respect of the Disposal as an interested person transaction and to opine on whether the terms of the Disposal are fair and reasonable
“IFA Letter”	Letter from the IFA addressed to the Independent Directors as set out in Appendix I to this Circular
“Independent Directors”	Directors who are considered independent for the purpose of making recommendations to the Independent Shareholders in respect of the Disposal as an interested person transaction, namely Wee Liang Hiam, Chen Timothy Teck Leng and Tham Wan Loong Jerome
“Independent Shareholders”	Shareholders who are deemed to be independent for the purpose of the Disposal as an interested person transaction, being Shareholders who are independent of the Purchaser and its associates
“Independent Valuer”	Nexia TS Advisory Pte. Ltd., the independent valuer appointed by the Company to value the Sale Shares for the purposes of the Disposal
“Investment Properties”	Properties situated at #06 – 01 - 25 Peninsula Plaza, 111 North Bridge Road, Singapore 179098
“Latest Practicable Date”	8 January 2018, being the latest practicable date prior to the printing of this Circular
“Lease Novation”	The transfer and novation of the Tenancy Agreement from the Company to TMC Academy
“Long Stop Date”	The date falling 120 days after the date of the SPA or such other date as the Company and the Purchaser may agree in writing

“Losses”	Losses, liabilities, costs (including legal costs on a solicitor-client basis) claims, charges, expenses, actions or demands howsoever brought or made by any person
“LPS”	Loss per Share
“Market Day”	A day on which the SGX-ST is open for trading in securities
“NTA”	Net tangible assets
“Offer”	The mandatory unconditional cash offer made by SAC Capital Private Limited, for and on behalf of, the Offeror in accordance with Rule 14.1(a) of the Code for all the Shares not already owned, controlled or agreed to be acquired by the Offeror
“Offeror”	JK Global Assets Pte. Ltd.
“Premises”	The building located at 250 Middle Road Singapore 188983 which is occupied by TMC Academy
“Purchaser”	The purchaser of the Sale Shares pursuant to the SPA, being Advanced Investment Holdings Pte. Ltd.
“Registrar of Companies”	Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“Register of Members”	Register of members of the Company
“Share Purchase Agreement”	Share purchase agreement dated 14 December 2017 entered into between Dr Chin Kon Yuen, Yeow Cheng Khim and JK Global Assets Pte. Ltd. for the sale of an aggregate 85,372,814 Shares held by Dr Chin Kon Yuen (75,328,954 Shares) and Yeow Cheng Khim (10,043,860 Shares) to the Offeror
“Securities and Futures Act”	Securities and Futures Act, Chapter 289 of Singapore, as may be supplemented, amended or modified from time to time
“SIC”	Securities Industry Council
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Registrar”	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	The registered holders of Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to those Shares, mean the Depositors who have Shares entered against their names in the Depository Register
“Sale Shares”	The entire issued and paid-up share capital of TMC Academy, which is to be sold by the Company to the Purchaser pursuant to the Disposal
“Security”	Security under the UOB Loan as set out in paragraph 2.4.5(d) of this Circular
“Shares”	Ordinary shares in the capital of the Company
“SLA”	Singapore Land Authority
“Solvency Statement”	Solvency statement provided by Dr Chin Kon Yuen and Yeow Cheng Khim as set out in paragraph 2.4.5(a) of this Circular

“SPA”	Sale and purchase agreement dated 14 December 2017 entered into between the Company, the Purchaser, Dr Chin Kon Yuen, Yeow Cheng Khim, Lee Chin Weng and TMC Academy in relation to the Disposal
“Sub-Lease”	Sub-lease agreement to be entered into between the Company and TMC Academy for the Premises
“Substantial Shareholder”	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
“Summary Letter”	Summary letter dated 9 January 2018 issued by the Independent Valuer in relation to the valuation of the Sale Shares, as set out in Appendix II to this Circular
“Tax Authorities”	Any government, quasi-government, statutory or tax authority
“Tenancy Agreement”	Tenancy agreement dated 29 June 2017 between the Company, as lessee, and the SLA, as lessor, for the lease of the Premises
“TMC Academy”	TMC Academy Pte. Ltd.
“TMC Loan”	All amounts owing by the Company to TMC Academy other than the Company Loan
“TMC Loan Novation”	The novation and transfer of all of the liabilities and obligations of the Company under or arising from the Balance TMC Loan to the Purchaser as if the Purchaser were named therein as the original party to the Balance TMC Loan instead of the Company and the Company be irrevocably and unconditionally released and discharged from any and all amounts outstanding under the TMC Loan and all liabilities, obligations and undertakings under or pursuant to, and from all demands, claims whatsoever under or in respect of the TMC Loan which TMC Academy has or may have against the Company, in each case, whether arising prior to, on or subsequent to the date of the deed of novation, pursuant to a deed of novation in the form set out in the SPA to be entered into between the Company, TMC Academy and the Purchaser
“TMC Loan Waiver”	The irrevocable and unconditional waiver by TMC Academy of its right to repayment of the Waiver Amount and the discharge and release of the Company from the Waiver Amount and all liabilities, obligations and undertakings under or pursuant to, and from all claims and demands whatsoever under or in respect of the Waiver Amount
“UOB”	United Overseas Bank Limited
“UOB Loan”	Loan granted by UOB to TMC Academy as set out in paragraph 2.4.5(d) of this Circular
“UOB Loan Interest”	All interest, commission, fees, costs, expenses and other moneys owing or expressed to be payable, whether contingently or otherwise, by TMC Academy under or in connection with the UOB Loan
“Waiver Amount”	The amount waived by TMC Academy under the TMC Loan as set out in paragraph 2.4.1(b)

Currencies and Units

“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore
“%”	Percentage

The terms “Depositor” and “Depository Register” shall have the meanings as ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms “subsidiary” and “wholly-owned subsidiary” shall have the meanings as ascribed to them in Section 5 and Section 5B of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Code, Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, Securities and Futures Act, the Code, Catalist Rules or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

TMC EDUCATION CORPORATION LTD.

(Company Registration Number: 198102945K)

(Incorporated in the Republic of Singapore)

Board of Directors:

Dr Chin Kon Yuen (*Executive Chairman*)
Yeow Cheng Khim (*Executive Director and Chief Executive Officer*)
Wee Liang Hiam (*Lead Independent Director*)
Chen Timothy Teck Leng (*Independent Director*)
Tham Wan Loong, Jerome (*Independent Director*)

15 January 2018

Registered Office:

250 Middle Road
Singapore 188983

To: The Shareholders of TMC Education Corporation Ltd.

Dear Sir / Madam

THE PROPOSED DISPOSAL OF 100% SHAREHOLDINGS IN TMC ACADEMY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION

1 INTRODUCTION

1.1 The Directors propose to convene the EGM to seek approval from Shareholders for the Disposal.

1.2 Background of the Disposal

The Company had on 14 December 2017 announced that it had entered into a sale and purchase agreement with Advanced Investment Holdings Pte. Ltd. (being the Purchaser), Dr Chin Kon Yuen, Yeow Cheng Khim, Lee Chin Weng and its wholly-owned subsidiary, TMC Academy, for the sale by the Company of its entire 100% shareholding in TMC Academy to the Purchaser. A copy of the aforesaid announcement is available on the website of SGX-ST at www.sgx.com.

The Disposal is deemed as a “major transaction” under Chapter 10 of the Catalist Rules, a disposal of the Company’s core business under Practice Note 10(A) of the Catalist Rules and an “interested person transaction” under Chapter 9 of the Catalist Rules. Accordingly, the Disposal is subject to the approval of the Independent Shareholders being obtained at an extraordinary general meeting to be convened.

Please refer to Paragraphs 2 and 3 of this Circular for further details on the Disposal.

Upon the completion of the Disposal, TMC Academy will cease to be a subsidiary of the Company. As TMC Academy is the operating entity for the Company’s education business segment, the Company will cease to operate its education business following the Disposal. The Group will continue to hold its Investment Properties for rental income and capital appreciation.

1.3 Circular

The purpose of this Circular is to provide Shareholders with the relevant information relating to the Disposal, including the rationale for and benefits thereof to the Group, to convey to Shareholders the advice of the IFA (as set out in paragraphs 3.3 and 4.1 of this Circular), and to seek Shareholders’ approval at the EGM for the Disposal, notice of which is set out on pages 43 and 44 of this Circular.

The Disposal will be subject to the approval of the Independent Shareholders present and voting, on a poll, either in person or by proxy at the EGM, as an ordinary resolution.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

2 THE DISPOSAL

2.1 Information on TMC Academy

TMC Academy

TMC Academy was incorporated on 24 February 2010 in Singapore as a private company limited by shares and as at the Latest Practicable Date, TMC Academy has an issued and paid-up share capital of S\$5,000,000 comprising 5,000,000 ordinary shares.

TMC Academy is a wholly-owned subsidiary of the Company, which carries out the Business.

Based on the audited consolidated financial statements of the Group for FY2017, the net asset value and the NTA attributable to the Sale Shares as at 30 June 2017 was approximately S\$5.17 million.

The open market value of the Sale Shares is not available as the shares of TMC Academy are not publicly traded.

The Company had commissioned the Independent Valuer to value the Sale Shares for the purposes of the Disposal. As announced on 14 December 2017, the preliminary indicative valuation stated that the aggregate value of the Sale Shares is approximately S\$5.2 million as at 30 September 2017, before taking into account the Waiver Amount, which is subject to the finalisation of valuation report which will be contained in the valuation report to be issued by the Independent Valuer prior to the despatch of the Circular. According to the Summary Letter, the value of the Sale Shares as at 30 September 2017 based on the adjusted net asset method, with the Discount for Lack of Marketability of 20% to 30%, is in the range of S\$3.64 million to S\$4.16 million (after adjusting for the remaining outstanding net book value of the Company Loan as at 30 September 2017 of S\$4.66 million).

The Independent Valuer had estimated the value of the Sale Shares based on the asset based approach using the adjusted net asset method.

Please refer to the full text of the Summary Letter set out in Appendix II to this Circular, which should also be read in conjunction with the valuation report which is made available to Shareholders for inspection.

2.2 Information on the Purchaser

2.2.1 The Purchaser, Advanced Investment Holdings Pte. Ltd., was incorporated on 14 December 2017 in Singapore as a special purpose vehicle for the purpose of undertaking the Disposal and carrying out the Business. The shareholders of the Purchaser are CK & CO and Lee Chin Weng which or who holds 70% and 30% of the issued capital of the Purchaser respectively. The directors of the Purchaser are Dr Chin Kon Yuen, Yeow Cheng Khim and Lee Chin Weng.

2.2.2 CK & CO was incorporated on 19 September 2017 in Singapore as a private company limited by shares for the purpose of investment holding. As at the Latest Practicable Date, CK & CO has an issued and paid-up share capital of S\$2.00 comprising 2 ordinary shares. CK & CO is equally owned by Dr Chin Kon Yuen and Yeow Cheng Khim, who are Directors of the Company. Dr Chin Kon Yuen is the Executive Chairman of the Company while Yeow Cheng Khim is the Executive Director and Chief Executive Officer of the Company. As at the time of entering into the SPA, they were the Controlling Shareholders of the Company, holding an aggregate of 62.91% shareholding interest (105,317,600 Shares) in the Company.

2.2.3 On 14 December 2017, Dr Chin Kon Yuen and Yeow Cheng Khim entered into the Share Purchase Agreement with JK Global Assets Pte. Ltd. to sell 75,328,954 Shares and 10,043,860 Shares respectively to JK Global Assets Pte. Ltd.. Following the completion of the Share Purchase Agreement and as at the Latest Practicable Date, Dr Chin Kon Yuen and Yeow Cheng Khim hold 437,646 Shares and 19,507,140 Shares respectively and 19,944,786 Shares collectively, representing an aggregate of approximately 11.91% of the issued and paid-up share capital of the Company. Accordingly, Dr Chin Kon Yuen and Yeow Cheng Khim remain as the Substantial Shareholders of the Company after completion of the Share Purchase Agreement.

2.2.4 Lee Chin Weng is an independent third party and the founder of TEG International College Pte. Ltd. which was established in 1991. He started his career in the education industry since 1978 and has a wealth of experience, expertise and a vast network in the industry. In 1996, he led the expansion of TEG International College Pte. Ltd. to the People's Republic of China and later to Vietnam and Myanmar. Under Lee Chin Weng's leadership, TEG International College Pte. Ltd. saw a rapid growth as it transformed from a language school into a multi-national education organisation over the years.

2.3 Rationale for the Disposal

2.3.1 The Board considers that the Disposal is in the best interest of the Company, taking into consideration the challenging operating environment faced by the Company in recent years. In FY2017, the slower economic growth in Singapore and in the region has continued to affect the private higher education industry. This has resulted in a notable decline in the demand for private higher education and affected the Group's revenue and profitability to a certain extent. In addition, there have been changes in the private education industry in Singapore, which include a more stringent regulatory environment. This has led the Group to expend more resources and costs in managing its compliance and governance.

The Board believes that education is a business which needs patience and commitment, where each initiative takes time to materialize and demonstrate its returns. With the increasingly challenging operating environment, the Disposal will allow the Group to reduce its escalating operation costs.

The Disposal will also allow the Company an opportunity to invest in potential future new businesses and undertake new investment opportunities that may arise in the future.

It is also noted that pursuant to the offer document despatched to Shareholders by the Offeror on 2 January 2018 in relation to the Offer, the Offeror has indicated that they do not intend for the Company to continue the Business subsequent to the Offer and intend to undertake a review of the Group's business following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced and consider fundraising options to strengthen the cash flow position of the Company after the Disposal is completed.

2.4 Principal terms of SPA

A summary of the principal terms of the Disposal as set out in the SPA is provided below.

2.4.1 Consideration

As at 30 September 2017, other than the Company Loan, an amount of S\$6,611,000 was owed by the Company to TMC Academy under the TMC Loan.

As at the Latest Practicable Date, the amount owing is S\$6,273,000. Further advances are expected to be made from the Latest Practicable Date up to the Completion Date.

The consideration for the Sale Shares ("**Consideration**") shall be satisfied by the Purchaser in the following manner:-

- (a) the Purchaser shall pay an amount of S\$1,000,000 ("**Cash Consideration**") as directed by the Company to TMC Academy as partial repayment of the TMC Loan;
- (b) the Purchaser shall procure that TMC Academy, immediately after Completion, irrevocably and unconditionally waives its right to repayment of an amount of S\$4,100,000 outstanding under the TMC Loan ("**Waiver Amount**") and discharges and releases the Company from the Waiver Amount and all liabilities, obligations and undertakings under or pursuant to, and from all claims and demands whatsoever under or in respect of the Waiver Amount; and
- (c) the Purchaser shall, and shall procure that TMC Academy shall, immediately after Completion, enter into a deed of novation with the Company in respect of the Balance TMC Loan pursuant to which:
 - (i) the Purchaser shall irrevocably and unconditionally accept the liabilities under or arising from the Balance TMC Loan, which comprises the balance of the TMC Loan

of S\$1,511,000 as at 30 September 2017 and all and any other amounts outstanding under the TMC Loan as at (and including) the Completion Date in place of the Company, as if the Purchaser were named therein as the original party to the Balance TMC Loan instead of the Company; and

- (ii) TMC Academy shall irrevocably and unconditionally release and discharge the Company from any and all amounts outstanding under the TMC Loan and all liabilities, obligations and undertakings under or pursuant to, and from all demands, claims whatsoever under or with respect to the TMC Loan which TMC Academy has or may have against the Company, in each case, whether arising prior to, on or subsequent to the date of the deed of novation.

The final Consideration would be no less than S\$6,000,000, based on the expected outstanding TMC Loan as at Completion Date.

The Consideration payable by the Purchaser to the Company pursuant to the SPA shall exclude any tax which may from time to time be imposed or charged by any Tax Authorities on or calculated by reference to the amount of the Consideration due from the Purchaser to the Company under the SPA, or any part thereof.

The Consideration was arrived at pursuant to arm's length negotiations, on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the following factors:

- (a) the TMC Loan of S\$6,611,000 owed by the Company to TMC Academy as at 30 September 2017; and
- (b) the preliminary independent valuation by the Independent Valuer on the Sale Shares.

Based on the audited investment cost of TMC Academy in the Company's book as at 30 June 2017 of S\$5.00 million and the Consideration of S\$6.61 million, determined based on the aggregate of the Cash Consideration of S\$1.00 million, the Waiver Amount of S\$4.10 million and the balance of the TMC Loan amounting to S\$1.51 million as at 30 September 2017, the Disposal is expected to result in a gain of approximately S\$1.61 million.

The Consideration of S\$6.61 million, determined based on the aggregate of the Cash Consideration of S\$1.00 million, the Waiver Amount of S\$4.10 million and the balance of the TMC Loan amounting to S\$1.51 million as at 30 September 2017, represents an excess of approximately S\$1.44 million over the audited net asset value of the Sale Shares as at 30 June 2017 of S\$5.17 million.

After taking into consideration the Cash Consideration paid by the Purchaser to TMC Academy as partial repayment of the TMC Loan, the Waiver Amount and Balance TMC Loan, there would be no net cash proceeds from the Disposal to the Company.

2.4.2 Method of Payment

Payment of the Cash Consideration shall be made in the following manner:-

- (a) upon execution of the SPA, the Purchaser shall deposit a sum of S\$500,000 ("**Deposit**") to be paid to the M/s Dentons Rodyk & Davidson LLP, appointed jointly by the Purchaser and the Company as escrow agent on or before the date of the SPA; and
- (b) on Completion, the Company and the Purchaser shall jointly instruct the escrow agent to pay the Deposit into the designated bank account of TMC Academy (as may be notified by the Purchaser to the Company no later than three (3) Business Days prior to Completion) and the Purchaser shall also pay S\$500,000 by way of telegraphic transfer to the aforementioned bank account of TMC Academy.

The Deposit has been paid in accordance with the terms of the SPA.

If Completion fails to take place due to the default of the Company of its obligations under Clause 5 of the SPA, the Company and the Purchaser shall instruct the escrow agent to refund the Deposit to

the Purchaser within three (3) Business Days from the Purchaser's notice to the Company requesting such refund and neither party to the SPA shall have any claim against the other party to the SPA.

If Completion fails to take place due to the default of the Purchaser of its obligations under Clause 5 of the SPA, the Company and the Purchaser shall instruct the escrow agent to release the Deposit absolutely to the Company, which Deposit shall be non-refundable and forfeited by the Company entirely, and neither party to the SPA shall have any claim against the other party to the SPA.

2.4.3 Conditions Precedent

Completion of the sale and purchase of the Sale Shares is conditional upon the following condition(s) ("**Conditions Precedent**") having been fulfilled or waived in writing:-

- (a) approval of the Shareholders in general meeting for the sale of the Sale Shares;
- (b) the Company's warranties being true, correct and being complied with, in each case, in all material respects as at the Completion Date;
- (c) the Purchaser's warranties being true, correct and being complied with, in each case, in all material respects as at the Completion Date; and
- (d) the approval of the SLA in respect of either the (i) Lease Novation; or (ii) Sub-Lease.

The Purchaser alone shall have the right to waive the conditions set out in Paragraph 2.4.3(b) above. The Company alone shall have the right to waive the conditions set out in Paragraph 2.4.3(c) above.

Unless specifically waived by the party to the SPA entitled to waive the conditions, if any of the conditions stated in Clause 3.1 of the SPA (or Paragraphs 2.4.3(a), (b), (c) and (d) above) are not fulfilled on or before the Long Stop Date, the SPA (save for Clauses 12, 13, 14, and 15 of the SPA) shall *ipso facto* cease and determine, and neither party to the SPA shall have any claim against the others for costs, damages, compensation or otherwise, save for any claim by the non-defaulting party against the defaulting party arising from any antecedent breach of the terms in the SPA.

The Company has applied to the SLA to obtain approval for the Lease Novation and Sub-Lease. As at the Latest Practicable Date, the approval of the SLA is still outstanding.

2.4.4 Completion

2.4.4.1 Subject to the Conditions Precedent being satisfied or waived, Completion shall take place on the Completion Date at 80 Raffles Place, UOB Plaza 1, #33-00 Singapore 048624 (or at such other place and time as the parties to the SPA may mutually agree in writing).

2.4.4.2 On the Completion Date, the Purchaser shall pay the Cash Consideration in accordance with Clause 4.5 of the SPA (or Paragraph 2.4.2 above) and deliver the stamp duty certificate evidencing full payment of stamp duty payable on the SPA in respect of the Sale Shares. Against compliance with this obligation, the Company shall deliver to the Purchaser:-

- (a) the duly executed share transfer forms in respect of the Sale Shares in favour of the Purchaser, together with the relevant share certificate(s) in respect of the Sale Shares;
- (b) certified true copies of the duly passed resolutions of the board of directors of TMC Academy:-
 - (i) approving (i) subject only to their being duly stamped, the transfer of the Sale Shares to the Purchaser, and (ii) registration of the share transfers referred to in paragraph 2.4.4.2(a) of this Circular and the entry into TMC Academy's electronic register of members the name of the Purchaser as the holder of the Sale Shares and the filing of such change of corporate records of TMC Academy with the Registrar of Companies as may be necessary; and
 - (ii) appointing Lee Chin Weng as director of TMC Academy, with effect from the Completion Date, subject to the Purchaser having delivered to the Company the duly signed consent of Lee Chin Weng to be appointed as director of TMC Academy.

2.4.4.3 On the Completion Date and against fulfilment of the Company's obligations under paragraph 2.4.4.2 of this Circular:-

- (a) the parties to the SPA shall direct the escrow agent in writing to release the Deposit to TMC Academy;
- (b) immediately after the occurrence of the event contemplated in paragraph 2.4.4.3(a) of this Circular, TMC Academy shall take all necessary action to ensure that TMC Academy's electronic register of members kept and maintained by the Registrar of Companies is updated to reflect the Purchaser as the holder of the Sale Shares; and
- (c) immediately after the occurrence of the event contemplated in paragraph 2.4.4.3(b) of this Circular, the Purchaser shall, and shall procure TMC Academy to, deliver:-
 - (i) a deed of discharge and release in the form set out in Schedule 2 of the SPA for the TMC Loan Waiver;
 - (ii) a deed of novation in the form set out in Schedule 3 of the SPA for the TMC Loan Novation;
 - (iii) the board resolutions of TMC Academy duly executed by the directors of TMC Academy appointed to the board authorising the TMC Loan Waiver and the TMC Loan Novation; and
 - (iv) the board resolutions of the Purchaser duly executed by the directors of the Purchaser authorising the TMC Loan Novation.

2.4.5 Other salient terms of the SPA

(a) Solvency Representations and Warranties

Dr Chin Kon Yuen and Yeow Cheng Khim jointly and severally represent and warrant to the Company and the Purchaser ("**Solvency Statement**") that as at the date of the SPA and the Completion Date:-

- (i) as regards TMC Academy's situation, there is no ground on which TMC Academy could be found to be unable to pay its debts;
- (ii) TMC Academy will be able to pay its debts as and when they fall due during the period of twelve (12) months immediately following (i) the date of the Solvency Statement; and (ii) the Completion Date; and
- (iii) the value of TMC Academy's assets is not less than the value of its liabilities and will not become less than the value of its liabilities, after Completion, the TMC Loan Waiver and the TMC Loan Novation,

in each case, taking into account the TMC Loan Waiver, the TMC Loan Novation and all contingent and prospective liabilities of TMC Academy (including without limitation those arising from the Lease Novation, the Sub-Lease and the Employment Transfer.

Subject to Completion occurring, the Purchaser, Lee Chin Weng, Dr Chin Kon Yuen and Yeow Cheng Khim shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all Losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the TMC Loan, the TMC Loan Waiver and/or the TMC Loan Novation.

(b) Premises

The Premises, which was leased to the Company by SLA, has been occupied by TMC Academy since 2011 for the purpose of carrying out the Business.

Subject to the SLA's consent in respect of the Lease Novation being obtained, the Company and TMC Academy shall, as soon as practicable after the date of the SPA, enter into a novation agreement to novate and transfer the Tenancy Agreement from the Company to TMC Academy, provided that TMC Academy shall be solely liable for all the incidental costs incurred in relation to the Lease Novation.

In the event that the aforesaid consent is not obtained, subject to the SLA's consent in respect of the Sub-Lease being obtained, the Company and TMC Academy shall, at Completion, enter into the Sub-Lease. In the event the Sub-Lease is entered into:-

- (i) the Purchaser, TMC Academy, Lee Chin Weng, Dr Chin Kon Yuen and Yeow Cheng Khim shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all Losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the Sub-Lease or the Tenancy Agreement (including the rental payable under the remaining tenure of the Tenancy Agreement, the reinstatement costs and incidental costs incurred in relation to the Sub-Lease and the Tenancy Agreement) or any act or omission of TMC Academy in relation to the use of the Premises, until the expiration of the Tenancy Agreement; and
- (ii) the Company undertakes that it will not terminate the Tenancy Agreement prior to its expiration.

For the avoidance of doubt, if the Sub-lease is entered into, the terms of the Sub-Lease are envisaged to be the same as the terms of the Tenancy Agreement. Pursuant to the Tenancy Agreement, the existing rental is S\$99,500 per month and the expiration of the lease will be on 20 October 2020.

(c) Employment Transfer

As soon as practicable after the date of the SPA, the Company and TMC Academy shall procure the Employment Transfer. The Employment Transfer shall be subject to and conditional on Completion taking place and be effective from the Completion Date.

The Purchaser undertakes to ensure that there shall be no termination or retrenchment of TMC Academy's employees within six (6) months from the Completion Date save for any termination with cause by TMC Academy in accordance with TMC Academy's existing employment policy.

The Purchaser, TMC Academy, Lee Chin Weng, Dr Chin Kon Yuen and Yeow Cheng Khim shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all Losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the Employment Transfer.

(d) UOB Loan

UOB has granted a loan to TMC Academy ("**UOB Loan**") of an aggregate principal amount of S\$5,000,000 secured by a mortgage of properties owned by the Company, a legal assignment of rental proceeds or charge over rental in respect of the properties and a corporate guarantee executed by the Company (collectively, the "**Security**"). TMC Academy has on-loaned the UOB Loan to the Company ("**Company Loan**").

The Company undertakes to:-

- (i) as soon as practicable after the date of the SPA, arrange for the transfer of the UOB Loan to itself or repay the Company Loan in order for TMC Academy to repay the UOB Loan and all interest, commission, fees, costs, expenses and other moneys owing or expressed to be payable, whether contingently or otherwise, by TMC Academy under or in connection with the UOB Loan (the "**UOB Loan Interests**"). Where applicable, TMC Academy shall, on the same day of the Company's repayment of the Company Loan,

repay the UOB Loan and UOB Loan Interests, and at such time when the UOB Loan is fully repaid, procure the discharge of the Security. Where the UOB Loan is transferred to the Company, the Company Loan shall be deemed discharged and the parties shall take such steps as may be necessary to discharge the security granted in respect of the Company Loan;

- (ii) until the earlier of the transfer of the UOB Loan to itself or full repayment of the Company Loan, indemnify TMC Academy and hold TMC Academy fully and effectively indemnified against all or any Losses which TMC Academy may sustain, incur or pay or which may be assessed, charged or made against TMC Academy arising from any failure or default on the part of TMC Academy to pay any sum payable by it or to perform and comply with its obligations under the UOB Loan provided that the Company shall not be liable for such losses attributable to part of the Company Loan repaid by the Company in accordance with paragraph 2.4.5(d)(i) of this Circular; and
- (iii) continue to provide the Security until the transfer of the UOB Loan to itself or full repayment of the UOB Loan in accordance with paragraph 2.4.5(d)(i) of this Circular.

2.4.6 Use of Consideration

The Cash Consideration will be used as partial repayment for the TMC Loan, S\$4,100,000 of the TMC Loan will be waived by TMC Academy and the remainder of the TMC Loan will be novated to the Purchaser on the Completion Date.

2.5 **The Relative Figures as set out in Rule 1006 of the Catalist Rules**

2.5.1 Based on the latest audited consolidated financial statements for FY2017, the relative figures in respect of the Disposal, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:-

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. (S\$5,173,000 / S\$7,544,000)	68.6%
Rule 1006(b)	The net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits. (Net profit S\$325,000 / Net loss S\$878,000)	(-37.0%) ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares. (S\$6,611,000 / S\$6,696,000)	98.7% ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

- (1) "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Group made a net loss of S\$878,000 in FY2017.
- (3) The Consideration of S\$6.61 million is determined based on the aggregate of the Cash Consideration, the Waiver Amount and the balance of the TMC Loan amount of S\$1.51 million as at 30 September 2017.

- (4) "market capitalisation" of the Company is determined by multiplying the number of shares in issue of 167,397,677 by the weighted average price of the shares of S\$0.04 transacted on 7 December 2017, being the last full Market Day on which the shares were traded on the SGX-ST preceding the date of the SPA.

2.5.2 Since the relative figures calculated on the basis pursuant to Rule 1006(a) and Rule 1006(c) exceed 50%, the Disposal constitutes a major transaction under Chapter 10 of the Catalist Rules. Furthermore, pursuant to Practice Note 10(A) paragraph 8(a) of the Catalist Rules, the disposal of an issuer's core business (or a substantial part of its core business) will usually result in a material change to the nature of the issuer's business, and its shareholders should have an opportunity to consider the future direction of the issuer and Rule 1014 of the Catalist Rules will be applied. As the relative figures pursuant to Rule 1006(a) and Rule 1006(c) of the Catalist Rules have exceeded 50% and TMC Academy is a part of the Company's core businesses, the Company will be seeking its Independent Shareholders' approval for the Disposal as a major transaction under Chapter 10 of the Catalist Rules at the EGM to be convened.

2.6 Financial Information of TMC Academy

The financial statements of TMC Academy for FY2015, FY2016 and FY2017 are set out below:-

2.6.1 Audited Statement of Comprehensive Income

	FY2015	FY2016	FY2017
	S\$	S\$	S\$
Revenue	7,686,008	5,863,895	4,239,723
Other income	55,850	56,695	61,146
Service fees	(7,585,470)	(5,408,089)	(3,916,987)
Other operating expenses	(21,960)	(19,335)	(15,708)
Finance costs	–	–	(43,121)
Profit before taxation	134,428	493,166	325,053
Tax expense	–	–	–
Profit for the year, representing total comprehensive income for the year	134,428	493,166	325,053

FY2017 vs FY2016

Revenue (comprising course and examination fees) decreased by S\$1.62 million, from S\$5.86 million in FY2016 to S\$4.24 million in FY2017, mainly due to the decrease in student enrolments.

Other income increased by approximately S\$4,000, from approximately S\$57,000 in FY2016 to approximately S\$61,000 in FY2017, mainly due to (i) rental income of approximately S\$7,000; (ii) government grant of approximately S\$5,000; (iii) net foreign exchange gain of approximately S\$2,000; and (iv) the increase in other income of approximately S\$3,000, partially offset by the decrease in commission income and graduation fee of approximately S\$8,000 and S\$5,000 respectively.

Service fees relate to management fees charged for the support services rendered by the Company to TMC Academy in relation to TMC Academy's operations. Such service fees include and not limited to, course materials and subscriptions expenses, staff costs, rental expenses, maintenance expenses as well as advertising and promotion expenses. Service fees are charged by the Company based on a sum equivalent to cost plus 5%, on the total operating expenses incurred by TMC Academy.

Service fees decreased by S\$1.49 million, from S\$5.41 million in FY2016 to S\$3.92 million in FY2017, due to the decrease in the operating expenses incurred by TMC Academy. Course materials and subscriptions expenses decreased mainly due to the decrease in student enrolments and programme fees payable to overseas universities. Staff costs decreased due to the decrease in staff headcount as a result of the decrease in student enrolments and the campus consolidation exercise undertaken in FY2016. Rental expenses and maintenance expenses decreased mainly due to the absence of these expenses attributable to a campus located in Bishan, Singapore in FY2017 as compared to less than a full year impact of these expenses in FY2016 arising from the closure of the campus in

FY2016. Advertising and promotion expenses decreased mainly due to the reduction in advertising through the press and print media, and more reliance on internet and social media for the advertising outreach during FY2017.

Other operating expenses comprise mainly travelling and transport costs as well as utilities and telecommunications expenses. Other operating expenses decreased slightly by approximately S\$3,000, from approximately S\$19,000 in FY2016 to approximately S\$16,000 in FY2017, in line with the decrease in student enrolments.

Finance costs relates to the interest expenses incurred on the UOB Loan obtained in FY2017.

Due to the factors above, TMC Academy recorded a profit for the year of S\$0.32 million in FY2017 as compared to S\$0.49 million in FY2016.

FY2016 vs FY2015

Revenue (comprising course and examination fees) decreased by S\$1.83 million, from S\$7.69 million in FY2015 to S\$5.86 million in FY2016, mainly due to the decrease in student enrolments.

Other income remained relatively stable at approximately S\$56,000 in both FY2015 and FY2016.

Service fees decreased by S\$2.18 million, from S\$7.59 million in FY2015 to S\$5.41 million in FY2016, due to the decrease in the operating expenses incurred by TMC Academy. Course materials and subscriptions expenses decreased mainly due to the decrease in student enrolments and programme fees payable to overseas universities. Staff costs decreased due to the decrease in staff headcount as a result of the decrease in student enrolments and the campus consolidation exercise undertaken in FY2016. Rental expenses and maintenance expenses decreased mainly due to a full year impact of rental and maintenance expenses attributable to a campus located in Bishan, Singapore in FY2015 as compared to less than a full year impact in FY2016 arising from the closure of the campus in FY2016. Advertising and promotion expenses decreased mainly due to the reduction in advertising through the press and print media, and more reliance on internet and social media for the advertising outreach during FY2016.

Other operating expenses decreased slightly by approximately S\$3,000, from approximately S\$22,000 in FY2015 to approximately S\$19,000 in FY2016, in line with the decrease in student enrolments.

Due to the factors above, TMC Academy recorded a profit for the year of S\$0.49 million in FY2016 as compared to S\$0.13 million in FY2015. The Company, in the capacity of a service management provider, has borne a portion of the operating expenses for the Business for the past three financial years ended 30 June 2017. Such operating expenses include rental, utilities and maintenance expenses for common areas within the campuses as well as staff and staff-related costs under corporate service departments (namely management, finance, human resources, information technology and facilities management). Had such operating expenses not been apportioned between the Company and TMC Academy, TMC Academy would have been in a loss position for the past three financial years ended 30 June 2017. Upon the Completion, such operating expenses will be borne fully by TMC Academy instead of being apportioned between the Company and TMC Academy.

2.6.2 Audited Statement of Financial Position

	FY2015 S\$	FY2016 S\$	FY2017 S\$
ASSETS			
Current Assets			
Amount due from holding company (non-trade)	6,046,665	5,442,324	9,893,702
Cash and cash equivalents	541,514	1,203,589	1,608,338
Total Assets	6,588,179	6,645,913	11,502,040
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	2,000,000	2,000,000	5,000,000
Retained earnings	2,354,483	2,847,649	172,702
Total Equity	4,354,483	4,847,649	5,172,702
LIABILITIES			
Non-current Liabilities			
Borrowings	–	–	1,362,876
	–	–	1,362,876
Current Liabilities			
Trade and other payables	2,233,696	1,798,264	1,570,912
Borrowings	–	–	3,395,550
	2,233,696	1,798,264	4,966,462
Total Liabilities	2,233,696	1,798,264	6,329,338
Net Assets	4,354,483	4,847,649	5,172,702
Total Equity and Liabilities	6,588,179	6,645,913	11,502,040

Assets

As at 30 June 2017, current assets comprise amount due from holding company (non-trade) of S\$9.89 million and cash and cash equivalents of S\$1.61 million. The amount due from holding company (non-trade) relate to loans extended by TMC Academy to the Company.

The amount due from holding company (non-trade) decreased from S\$6.05 million as at 30 June 2015 to S\$5.44 million as at 30 June 2016 and increased to S\$9.89 million as at 30 June 2017 due to additional loans extended by TMC Academy to the Company for working capital purposes.

Cash and cash equivalents increased from S\$0.54 million as at 30 June 2015 to S\$1.20 million as at 30 June 2016 and S\$1.61 million as at 30 June 2017, mainly due to the loan repayments by the Company to TMC Academy.

Liabilities

As at 30 June 2017, current liabilities comprise trade and other payables of S\$1.57 million and borrowings of S\$3.40 million, and non-current liabilities comprise borrowings of S\$1.36 million. Trade and other payables relate mainly to the course and examination fees received by TMC Academy in advance. Borrowings (both current and non-current portions) are in relation to the UOB Loan obtained by TMC Academy.

Trade and other payables decreased from S\$2.23 million as at 30 June 2015 to S\$1.80 million as at 30 June 2016 and S\$1.57 million as at 30 June 2017, mainly due to the decrease in student enrolments.

Borrowings (both current and non-current portions) were only recorded in FY2017 as the UOB Loan was obtained by TMC Academy in FY2017.

2.7 Financial Effects of the Disposal

The financial effects of the Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Disposal. The financial effects of the Disposal set out below have been prepared based on the Group's audited consolidated financial statements for FY2017, and on the following bases and assumptions:-

- (a) the expenses to be incurred in connection with the Disposal are estimated to be approximately S\$0.3 million;
- (b) the reversal of provision for campus reinstatement of approximately S\$0.2 million;
- (c) the non-trade advances from TMC Academy to the Company as at 30 June 2017 was S\$5.14 million. Accordingly, the Consideration was assumed to be S\$5.14 million for the purpose of the computation of the financial effects; and
- (d) the NTA per share of the Company is computed based on the 167,397,677 Shares in issue as at 30 June 2017, and the EPS of the Company is computed based on the weighted average number of 167,397,677 Shares in issue as at 30 June 2017.

(a) Share Capital

The Disposal will not have any effect on the issued and paid up share capital of the Company.

(b) NTA

The effects of the Disposal on the audited consolidated NTA per share of the Group for FY2017, assuming that the Disposal had been effected on 30 June 2017 being the end of the most recently completed financial year of the Company, are summarised below:-

	Before the Disposal	After the Disposal
NTA (S\$'000)	7,544	7,376
Number of Shares	167,397,677	167,397,677
NTA per share (S\$)	0.045	0.044

(c) EPS

The effects of the Disposal on the audited consolidated EPS of the Group for FY2017, assuming that the Disposal had been effected on 1 July 2016, being the beginning of the most recently completed financial year of the Company, are summarised below:-

	Before the Disposal	After the Disposal
Consolidated net loss (S\$'000)	878	1,198
Weighted average number of shares	167,397,677	167,397,677
LPS (Singapore cents)	0.52	0.72

(d) Gearing

The effects of the Disposal on the gearing of the Group for FY2017, assuming that the Disposal had been effected on 30 June 2017, being the end of the most recently completed financial year of the Company, are summarised below:-

	Before the Disposal	After the Disposal
Total debts (S\$'000)	14,681	13,241
Total equity (S\$'000)	7,544	7,376
Gearing ratio (times)	1.95	1.80

3 INTERESTED PERSON TRANSACTION

3.1 Interested Person

Under Rule 904(2)(a) of the Catalist Rules, an “entity at risk” includes “the issuer”. Hence, the Company is an entity at risk.

Under Rule 904(4) of the Catalist Rules, “interested person” means “(i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder.”

The Purchaser is owned by CK & CO and Lee Chin Weng in the proportion of 70%: 30% respectively. Lee Chin Weng is an independent third party whereas CK & CO is wholly-owned by Dr Chin Kon Yuen and Yeow Cheng Khim in equal proportions. As at the time of entering into the SPA, Dr Chin Kon Yuen and Yeow Cheng Khim were the Controlling Shareholders and Directors of the Company. Through CK & CO, they collectively hold an interest of 70% in the shares of the Purchaser. Accordingly, the Purchaser is considered to be an associate of Dr Chin Kon Yuen and Yeow Cheng Khim and an “interested person” under Chapter 9 of the Catalist Rules. The SPA entered into between the Company as the “entity at risk” and the Purchaser as an “interested person” constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules. As at the Latest Practicable Date, Dr Chin Kon Yuen and Yeow Cheng Khim remain as Directors and Substantial Shareholders of the Company.

Please refer to paragraph 2.2 of this Circular for further information on the Purchaser.

3.2 Materiality Thresholds under Chapter 9 of the Catalist Rules

Under Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the group’s latest audited NTA, the approval of shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

Based on the Group’s latest audited financial statements for FY2017, the NTA of the Group as at 30 June 2017 was approximately S\$7.54 million. The Consideration as reflected in the SPA (which is determined based on the Cash Consideration, Waiver Amount and balance of the TMC Loan as at 30 September 2017) represents approximately 87.6% of the Group’s latest audited NTA. Accordingly, pursuant to Chapter 9 of the Catalist Rules, the Disposal constitutes an interested person transaction for which approval of the Independent Shareholders is required.

Save for the Disposal, there were no interested person transaction with value of S\$100,000 and above entered into between the Group and (a) Dr Chin Kon Yuen, Yeow Cheng Khim, the Purchaser and their associates; and (b) other interested persons of the Company from the beginning of FY2018, being 1 July 2017 up to the Latest Practicable Date.

3.3 Advice of the Independent Financial Adviser

3.3.1 Chapter 9 of the Catalist Rules provides that, where shareholders' approval is required for an interested person transaction, the circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

3.3.2 ZICO Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in respect of the Disposal as an interested person transaction. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that, from a financial perspective, the Disposal is, on balance, on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The IFA Letter, containing the IFA's advice in full, is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

3.4 Statement of the Audit Committee

3.4.1 The members of the Audit Committee do not have any interests in the Disposal and are accordingly deemed to be independent for the purposes of the Disposal.

3.4.2 Having considered, *inter alia*, the terms, rationale for and benefits of the Disposal, as well as the opinion and advice of the IFA on the Disposal, the Audit Committee concurs with the opinion of the IFA and is of the view that the Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

3.5 Abstention from Voting on the Disposal

Dr Chin Kon Yuen and Yeow Cheng Khim shall abstain, and shall procure that his/her associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on the ordinary resolution relating to the Disposal.

Dr Chin Kon Yuen and Yeow Cheng Khim shall not, and shall procure his/her associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of the ordinary resolution relating to the Disposal unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

4 CONSENT FROM SIC

As the Offeror, who is the Controlling Shareholder of the Company following the completion of the Share Purchase Agreement, intends to vote in favour of the Disposal at the EGM and the Disposal is made with an associate of Dr Chin Kon Yuen and Yeow Cheng Khim, the Disposal may constitute a special deal under Rule 10 of the Code. SIC has, in its letter dated 13 December 2017, ruled that the Disposal will not constitute a special deal under Rule 10 of the Code provided that the IFA appointed by the Company publicly states that the terms of the Disposal are fair and reasonable.

4.1 Advice of the Independent Financial Adviser

As announced on 19 December 2017, ZICO Capital Pte. Ltd. has been appointed by the Company as the IFA to opine on whether the terms of the Disposal are fair and reasonable in connection with the SIC ruling and the Offer.

Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that, from a financial perspective, the terms of the Disposal are, on balance, fair and reasonable.

The IFA Letter, containing the IFA's advice in full, is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 5.1 As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings of the Company and the interests of Substantial Shareholder(s), as extracted from the Register of Substantial Shareholders' Shareholdings of the Company, maintained pursuant to Sections 164 and 88 of the Companies Act respectively, are as follows:-

Directors	Number of Shares				Total (%)
	Direct Interest	%	Deemed Interest	%	
Dr Chin Kon Yuen ⁽¹⁾	437,646	0.26	19,507,140	11.65	11.91
Yeow Cheng Khim ⁽¹⁾	19,507,140	11.65	437,646	0.26	11.91
Wee Liang Hiam	–	–	–	–	–
Chen Timothy Teck Leng	–	–	–	–	–
Tham Wan Loong, Jerome	–	–	–	–	–
Substantial Shareholders (other than Directors)					
JK Global Assets Pte. Ltd.	85,372,814	51.00	–	–	51.00
Royal Inst of Construction Economists Pte Ltd	18,764,800	11.21	–	–	11.21

Notes:-

- (1) Dr Chin Kon Yuen and Yeow Cheng Khim are husband and wife.

Save as disclosed in Paragraph 3.1, as at the Latest Practicable Date, none of the Directors or Controlling Shareholder has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings in the Company.

6 DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7 DIRECTORS' RECOMMENDATIONS

The Independent Directors, having considered the rationale and terms of the Disposal, the advice given by the IFA and the views of the Audit Committee, are of the opinion that the Disposal is in the interests of the Company, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the ordinary resolution in respect of the Disposal set out in the notice of EGM.

8 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at 11am on 30 January 2018 for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution set out therein.

9 ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 250 Middle Road, Singapore 188983, not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so. In such an event, the Proxy Form will be deemed to be revoked.

9.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

10 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Disposal, the Company and its subsidiaries. The Directors have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate and are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

11 CONSENTS

ZICO Capital Pte. Ltd., the IFA to the Independent Directors in respect of the Disposal, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to its name in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Summary Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

12 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) the SPA;
- (b) the valuation report dated 9 January 2018 issued by the Independent Valuer in relation to the valuation of the Sale Shares;
- (c) the Summary Letter;
- (d) the letter of consent from the Independent Valuer, referred to in paragraph 11 of this Circular;
- (e) the IFA Letter;
- (f) the letter of consent from the IFA, referred to in paragraph 11 of this Circular;

- (g) the Constitution of the Company; and
- (h) the annual report of the Company for FY2017.

Yours faithfully

For and on behalf of the Board of Directors of
TMC EDUCATION CORPORATION LTD.

Dr Chin Kon Yuen
Executive Chairman

**APPENDIX I – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE INDEPENDENT
DIRECTORS OF TMC EDUCATION CORPORATION LTD. IN RESPECT
OF THE DISPOSAL**

15 January 2018

TMC EDUCATION CORPORATION LTD.

250 Middle Road
Singapore 188983

Attention: The Independent Directors of the Company
(the “**Independent Directors**”)

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TMC
ACADEMY PTE. LTD.**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of the Company (“**Shareholders**”) in relation to the Disposal dated 15 January 2018 (the “**Circular**”).*

1. INTRODUCTION

On 14 December 2017 (the “**Announcement Date**”), the board of directors (the “**Board**” or “**Directors**”) of TMC Education Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) announced that the Company had, on 14 December 2017, entered into a sale and purchase agreement (the “**SPA**”) with Advanced Investment Holdings Pte. Ltd. (the “**Purchaser**”), Dr Chin Kon Yuen (“**Dr Chin**”), Yeow Cheng Khim (“**Ms Yeow**”), Lee Chin Weng (“**Mr Lee**”) and the Company’s wholly-owned subsidiary, TMC Academy Pte. Ltd. (“**TMC Academy**”), for the sale by the Company of its 100% shareholding in TMC Academy (the “**Sale Shares**”) to the Purchaser, on the terms and subject to the conditions of the SPA (the “**Disposal**”).

The Purchaser was incorporated on 14 December 2017 in Singapore as a special purpose vehicle for the purpose of undertaking the Disposal and carrying out the Business (as defined herein). The shareholders of the Purchaser are CK & CO Holding Pte. Ltd. (“**CK & CO**”) and Mr Lee who hold 70% and 30% of the total issued and paid-up share capital in the Purchaser respectively. CK & CO was incorporated on 19 September 2017 in Singapore as a private company limited by shares for the purpose of investment holding. As at the Latest Practicable Date, CK & CO is equally owned by Dr Chin and Ms Yeow. Dr Chin and Ms Yeow were the controlling Shareholders (at the time of entering into the SPA) and Directors of the Company while Mr Lee is an independent third party. Accordingly, the Purchaser is considered to be an associate of Dr Chin and Ms Yeow and an “interested person”, and the Disposal constitutes an “interested person transaction” (“**Interested Person Transaction**”) under Chapter 9 of the listing manual of the SGX-ST, Section B: Rules of Catalist (“**Catalist Rules**”).

In accordance with Chapter 9 of the Catalist Rules, shareholders’ approval must be obtained for any interested person transaction which is of a value equal to or greater than 5% of the group’s latest audited net tangible assets (“**NTA**”) or, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, has a value equal to or more than 5% of the group’s latest audited NTA. In addition, pursuant to Rule 921(4)(a) of the Catalist Rules, the issuer is required to seek the opinion of an independent financial adviser (“**IFA**”) to opine on whether the interested person transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

The consideration for the Sale Shares (“**Consideration**”) is not expected to be finalised until the Completion Date (as defined herein) as the final Consideration would take into account the outstanding amount due from the Company to TMC Academy (the “**TMC Loan**”) at Completion Date. As at the Announcement Date, the preliminary Consideration was determined to be S\$6,611,000, based on the outstanding TMC Loan as at 30 September 2017, representing approximately 87.6% of the Group’s NTA of S\$7.54 million based on its latest audited financial statements for the financial year ended 30 June 2017 (“**FY2017**”). The Directors and the Management have confirmed that the final Consideration would be no less than S\$6,000,000, based on the expected outstanding TMC

Loan as at Completion Date. Accordingly, the Company is seeking the approval of its independent Shareholders for the Disposal as an Interested Person Transaction under Chapter 9 of the Catalist Rules at the extraordinary general meeting (“**EGM**”) to be convened on 30 January 2018.

The Disposal also constitutes a “major transaction” under Chapter 10 of the Catalist Rules, and has to be subject to Shareholders’ approval. Accordingly, the Company is also seeking Shareholders’ approval for the Disposal as a major transaction under Chapter 10 of the Catalist Rules at the EGM to be convened on 30 January 2018.

Subsequent to the entry of the SPA, Dr Chin and Ms Yeow entered into a share purchase agreement (“**Share Purchase Agreement**”) with JK Global Assets Pte. Ltd. (the “**Offeror**”) on 14 December 2017, for the sale of an aggregate of 85,372,814 ordinary shares in the capital of the Company (the “**TMC Sale Shares**”) held by Dr Chin and Ms Yeow, representing approximately 51% of all the issued ordinary shares in the capital of the Company (“**Shares**”), at a consideration of S\$0.0675 per TMC Sale Share (the “**Shares Acquisition**”) to the Offeror. The Shares Acquisition was completed on the same day of the entry of the Share Purchase Agreement.

The Company released an announcement on 15 December 2017 informing Shareholders that the Offeror had announced its firm intention to make a mandatory unconditional cash offer (the “**Offer**”) to acquire the Shares that are not already owned, controlled or agreed to be acquired by the Offeror, in accordance with Rule 14.1(a) of the Singapore Code on Take-overs and Mergers (the “**Code**”). In respect of the Offer, the Securities Industry Council has, on 13 December 2017, confirmed that the Disposal does not constitute a special deal for the purposes of Rule 10 of the Code, subject to an IFA opining that the terms of the Disposal are fair and reasonable.

ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed as the IFA to advise the Independent Directors, for the purpose of making their recommendation to the independent Shareholders in respect of the Disposal.

This letter (“**IFA Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on whether, from a financial perspective, (i) the Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and (ii) the terms of the Disposal are fair and reasonable. This IFA Letter forms part of the Circular to be despatched to the Shareholders which provides, *inter alia*, the details of the Disposal and the recommendation of the Independent Directors thereon.

2. **TERMS OF REFERENCE**

Our terms of reference do not require us to evaluate or comment on the rationale, legal and commercial risks and/or merits (if any) of the Disposal or on the future financial performance or prospects of the Group, and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Company (the “**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendations as set out in this IFA Letter.

We were not involved in or responsible for, any aspect of the negotiations pertaining to the Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Disposal. We were also not requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Disposal. In this regard, we are not addressing the relative merits of the Disposal as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future. Such comparison and consideration remain the responsibility of the Independent Directors.

In the course of our evaluation of the financial terms of the Disposal, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided to us by the aforesaid parties, including information contained in the Circular. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and

accordingly cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information or representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material aspects. The Directors and the Management have confirmed to us that, to the best of their knowledge and belief, there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Disposal to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such enquiry and judgement as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information which we have relied upon.

For the purposes of assessing the financial terms of the Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group or TMC Academy. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group or TMC Academy in connection with our opinion in this IFA Letter.

In connection with the Disposal, the Company had commissioned independent valuer, namely Nexia TS Advisory Pte. Ltd. ("**Nexia**" or the "**Independent Valuer**"), to carry out a valuation of the Sale Shares. The valuation letter by Nexia ("**Summary Letter**") is set out in Appendix II to the Circular and the detailed valuation report by Nexia ("**Valuation Report**") is made available to Shareholders for inspection. We have placed sole reliance thereon for the valuation and information contained in the Summary Letter and the Valuation Report. We are not involved in the preparation of, and assume no responsibility for, the Summary Letter and the Valuation Report. We have not made any independent verification of the contents thereof. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Disposal, which may be released after the Latest Practicable Date.

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Disposal, but any recommendations made by the Independent Directors in respect of the Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Disposal as an Interested Person Transaction and whether the terms of the

Disposal are fair and reasonable) at any time and in any manner without the prior written consent of ZICO Capital. Our opinion in relation to the Disposal should be considered in the context of the entirety of this IFA Letter and the Circular.

3. SALIENT TERMS OF THE DISPOSAL

Pursuant to the SPA, the Company will dispose of the Sale Shares to the Purchaser. Upon completion of the Disposal (the “**Completion**”), TMC Academy will cease to be a subsidiary of the Company.

3.1 TMC Academy

TMC Academy was incorporated on 24 February 2010 in Singapore as a private company limited by shares and as at the Latest Practicable Date, TMC Academy has an issued and paid-up share capital of S\$5,000,000 comprising 5,000,000 ordinary shares.

TMC Academy is a wholly-owned subsidiary of the Company, which carries out the business of providing quality and value-added educational courses and services to local and international students (the “**Business**”).

TMC Academy does not have any subsidiaries or associated companies.

3.2 Consideration for the Sale Shares

The outstanding TMC Loan amounted to S\$6,273,000 as at the Latest Practicable Date. **The Directors and the Management have confirmed that the final Consideration would be no less than S\$6,000,000, based on the expected outstanding TMC Loan as at Completion Date.**

The final Consideration shall be satisfied by the Purchaser in the following manner:

- (a) the Purchaser shall pay an amount of S\$1,000,000 (“**Cash Consideration**”) as directed by the Company to TMC Academy as partial repayment of the TMC Loan;
- (b) the Purchaser shall procure that TMC Academy, immediately after Completion, irrevocably and unconditionally waives its right to repayment of an amount of S\$4,100,000 outstanding under the TMC Loan (“**Waiver Amount**”) and discharges and releases the Company from the Waiver Amount and all liabilities, obligations and undertakings under or pursuant to, and from all claims and demands whatsoever under or in respect of the Waiver Amount; and
- (c) the Purchaser shall, and shall procure that TMC Academy shall, immediately after Completion, enter into a deed of novation with the Company in respect of the Balance TMC Loan pursuant to which:
 - (i) the Purchaser shall irrevocably and unconditionally accept the liabilities under or arising from the Balance TMC Loan, which comprises the balance of the TMC Loan of S\$1,173,000 as at the Latest Practicable Date and all and any other amounts outstanding under the TMC Loan as at (and including) the Completion Date in place of the Company, as if the Purchaser were named therein as the original party to the Balance TMC Loan instead of the Company; and
 - (ii) TMC Academy shall irrevocably and unconditionally release and discharge the Company from any and all amounts outstanding under the TMC Loan and all liabilities, obligations and undertakings under or pursuant to, and from all demands, claims whatsoever under or with respect to the TMC Loan which TMC Academy has or may have against the Company, in each case, whether arising prior to, on or subsequent to the date of the deed of novation.

The final Consideration payable by the Purchaser to the Company pursuant to the SPA shall exclude any tax which may from time to time be imposed or charged by any Tax Authorities on or calculated by reference to the amount of the final Consideration due from the Purchaser to the Company under the SPA, or any part thereof.

The Consideration (at the time of entering into the SPA) was arrived at pursuant to arm's length negotiations, on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the following factors:

- (a) the TMC Loan of S\$6,611,000 owed by the Company to TMC Academy as at 30 September 2017; and
- (b) the preliminary independent valuation by the Independent Valuer on the Sale Shares.

3.3 Completion and Long Stop Date

Subject to the fulfilment or waiver of conditions precedent set out in the SPA ("**Conditions Precedent**"), the Completion shall take place on the date falling 10 Business Days from the date on which the Conditions Precedent have been fulfilled (other than such conditions as shall be required to be completed as at Completion) or such other date as the Company and the Purchaser may agree in writing (the "**Completion Date**"). Please refer to paragraph 2.4.3 of the Circular for details of the Conditions Precedent.

The long stop date of the Disposal shall take place on the date falling 120 days after the date of the SPA or such other date as the Company and the Purchaser may agree in writing.

3.4 Premises occupied by TMC Academy

The building located at 250 Middle Road Singapore 188983 (the "**Premises**"), which was leased to the Company by the Singapore Land Authority ("**SLA**"), has been occupied by TMC Academy since 2011 for the purpose of carrying out the Business.

Subject to the SLA's consent in respect of the Lease Novation (as defined herein) being obtained, the Company and TMC Academy shall, as soon as practicable after the date of the SPA, enter into a novation agreement to novate and transfer the tenancy agreement dated 29 June 2017 entered into between the Company, as lessee, and the SLA, as lessor, for the lease of the Premises, from the Company to TMC Academy ("**Lease Novation**"), provided that TMC Academy shall be solely liable for all the incidental costs incurred in relation to the Lease Novation.

Please refer to paragraph 2.4.5(b) of the Circular for further details.

3.5 Employment Transfer

As soon as practicable after the date of the SPA, the Company and TMC Academy shall procure the transfer of the employment of the Company's employees from the Company to TMC Academy on terms and conditions which shall be equal to the terms and conditions of employment under the Company. Such transfer of the employment shall be subject to and conditional on Completion taking place and be effective from the Completion Date.

Please refer to paragraph 2.4.5(c) of the Circular for further details.

3.6 UOB Loan

United Overseas Bank Limited has granted a loan to TMC Academy (the "**UOB Loan**") of an aggregate principal amount of S\$5,000,000, secured by a mortgage of properties owned by the Company, a legal assignment of rental proceeds or charge over rental in respect of the properties and a corporate guarantee executed by the Company. TMC Academy has on-loaned the UOB Loan to the Company (the "**Company Loan**").

The Company undertakes that, as soon as practicable after the date of the SPA, it will arrange for the transfer of the UOB Loan to itself or repay the Company Loan in order for TMC Academy to repay the UOB Loan and all interest, commission, fees, costs, expenses and other moneys owing or expressed to be payable, whether contingently or otherwise, by TMC Academy under or in connection with the UOB Loan.

Please refer to paragraph 2.4.5(d) of the Circular for further details.

4. EVALUATION OF THE DISPOSAL

In evaluating and assessing the financial terms of the Disposal, we have taken into account, *inter alia*, the pertinent factors set out below:

- (a) Rationale for the Disposal;
- (b) Financial performance and position of TMC Academy;
- (c) Book value of TMC Academy;
- (d) Valuation of TMC Academy by the Independent Valuer;
- (e) Comparable companies analysis;
- (f) Financial effects of the Disposal; and
- (g) Other relevant considerations in relation to the Disposal.

The Directors and the Management have confirmed that the final Consideration would be no less than S\$6,000,000, based on the expected outstanding TMC Loan as at Completion Date. We wish to highlight that the Consideration used in our analyses is the aforementioned minimum final Consideration of S\$6,000,000.

4.1 Rationale for the Disposal

The full text of the rationale for the Disposal has been extracted from paragraph 2.3 of the Circular and is set out in italics below:

“The Board considers that the Disposal is in the best interest of the Company, taking into consideration the challenging operating environment faced by the Company in recent years. In FY2017, the slower economic growth in Singapore and in the region has continued to affect the private higher education industry. This has resulted in a notable decline in the demand for private higher education and affected the Group’s revenue and profitability to a certain extent. In addition, there have been changes in the private education industry in Singapore, which include a more stringent regulatory environment. This has led the Group to expend more resources and costs in managing its compliance and governance.

The Board believes that education is a business which needs patience and commitment, where each initiative takes time to materialize and demonstrate its returns. With the increasingly challenging operating environment, the Disposal will allow the Group to reduce its escalating operation costs.

The Disposal will also allow the Company an opportunity to invest in potential future new businesses and undertake new investment opportunities that may arise in the future.

It is also noted that pursuant to the offer document despatched to Shareholders by the Offeror on 2 January 2018 in relation to the Offer, the Offeror has indicated that they do not intend for the Company to continue the Business subsequent to the Offer and intend to undertake a review of the Group’s business following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced and consider fundraising options to strengthen the cash flow position of the Company after the Disposal is completed.”

We wish to emphasise that it is not within our terms of reference to comment or express an opinion on the merits of the Disposal or the future prospects of the Group after the Disposal.

4.2 Financial performance and position of TMC Academy

Review of financial performance

We set out below a summary of the audited statement of comprehensive income of TMC Academy for FY2017, FY2016 and FY2015:

(S\$)	← Audited →		
	FY2017	FY2016	FY2015
Revenue	4,239,723	5,863,895	7,686,008
Other income	61,146	56,695	55,850
Service fees	(3,916,987)	(5,408,089)	(7,585,470)
Other operating expenses	(15,708)	(19,335)	(21,960)
Finance costs	(43,121)	–	–
Profit before taxation	325,053	493,166	134,428
Tax expense	–	–	–
Profit for the year, representing total comprehensive income for the year	325,053	493,166	134,428

FY2017 vs FY2016

Revenue (comprising course and examination fees) decreased by S\$1.62 million, from S\$5.86 million in FY2016 to S\$4.24 million in FY2017, mainly due to the decrease in student enrolments.

Other income increased by approximately S\$4,000, from approximately S\$57,000 in FY2016 to approximately S\$61,000 in FY2017, mainly due to (i) rental income of approximately S\$7,000; (ii) government grant of approximately S\$5,000; (iii) net foreign exchange gain of approximately S\$2,000; and (iv) the increase in other income of approximately S\$3,000, partially offset by the decrease in commission income and graduation fee of approximately S\$8,000 and S\$5,000 respectively.

Service fees relate to management fees charged for the support services rendered by the Company to TMC Academy in relation to TMC Academy's operations. Such service fees include and not limited to, course materials and subscriptions expenses, staff costs, rental expenses, maintenance expenses as well as advertising and promotion expenses. Service fees are charged by the Company based on a sum equivalent to cost plus 5%, on the total operating expenses incurred by TMC Academy.

Service fees decreased by S\$1.49 million, from S\$5.41 million in FY2016 to S\$3.92 million in FY2017, due to the decrease in the operating expenses incurred by TMC Academy. Course materials and subscriptions expenses decreased mainly due to the decrease in student enrolments and programme fees payable to overseas universities. Staff costs decreased due to the decrease in staff headcount as a result of the decrease in student enrolments and the campus consolidation exercise undertaken in FY2016. Rental expenses and maintenance expenses decreased mainly due to the absence of these expenses attributable to a campus located in Bishan, Singapore in FY2017 as compared to less than a full year impact of these expenses in FY2016 arising from the closure of the campus in FY2016. Advertising and promotion expenses decreased mainly due to the reduction in advertising through the press and print media, and more reliance on internet and social media for the advertising outreach during FY2017.

Other operating expenses comprise mainly travelling and transport costs as well as utilities and telecommunications expenses. Other operating expenses decreased slightly by approximately S\$3,000, from approximately S\$19,000 in FY2016 to approximately S\$16,000 in FY2017, in line with the decrease in student enrolments.

Finance costs relates to the interest expenses incurred on the UOB Loan obtained in FY2017.

Due to the factors above, TMC Academy recorded a profit for the year of S\$0.32 million in FY2017 as compared to S\$0.49 million in FY2016.

FY2016 vs FY2015

Revenue (comprising course and examination fees) decreased by S\$1.83 million, from S\$7.69 million in FY2015 to S\$5.86 million in FY2016, mainly due to the decrease in student enrolments.

Other income remained relatively stable at approximately S\$56,000 in both FY2015 and FY2016.

Service fees decreased by S\$2.18 million, from S\$7.59 million in FY2015 to S\$5.41 million in FY2016, due to the decrease in the operating expenses incurred by TMC Academy. Course materials and subscriptions expenses decreased mainly due to the decrease in student enrolments and programme fees payable to overseas universities. Staff costs decreased due to the decrease in staff headcount as a result of the decrease in student enrolments and the campus consolidation exercise undertaken in FY2016. Rental expenses and maintenance expenses decreased mainly due to a full year impact of rental and maintenance expenses attributable to a campus located in Bishan, Singapore in FY2015 as compared to less than a full year impact in FY2016 arising from the closure of the campus in FY2016. Advertising and promotion expenses decreased mainly due to the reduction in advertising through the press and print media, and more reliance on internet and social media for the advertising outreach during FY2016.

Other operating expenses decreased slightly by approximately S\$3,000, from approximately S\$22,000 in FY2015 to approximately S\$19,000 in FY2016, in line with the decrease in student enrolments.

Due to the factors above, TMC Academy recorded a profit for the year of S\$0.49 million in FY2016 as compared to S\$0.13 million in FY2015. We wish to highlight that the above may not be a true reflection of the profitability of the Business as the Management has highlighted that the Company, in the capacity of a service management provider, has borne a portion of the operating expenses for the Business for the past three financial years ended 30 June 2017. Such operating expenses include rental, utilities and maintenance expenses for common areas within the campuses as well as staff and staff-related costs under corporate service departments (namely management, finance, human resources, information technology and facilities management). Had such operating expenses not been apportioned between the Company and TMC Academy, TMC Academy would have been in a loss position for the past three financial years ended 30 June 2017. Upon the Completion, such operating expenses will be borne fully by TMC Academy instead of being apportioned between the Company and TMC Academy.

Review of financial position

A summary of the audited statements of financial position of TMC Academy as at 30 June 2017, 2016 and 2015 are set out below:

(S\$)	← Audited →		
	As at 30 June 2017	As at 30 June 2016	As at 30 June 2015
Current assets	11,502,040	6,645,913	6,588,179
Non-current assets	–	–	–
Total assets	11,502,040	6,645,913	6,588,179
Non-current liabilities	1,362,876	–	–
Current liabilities	4,966,462	1,798,264	2,233,696
Total liabilities	6,329,338	1,798,264	2,233,696
Net assets	5,172,702	4,847,649	4,354,483

Assets

As at 30 June 2017, current assets comprise amount due from holding company (non-trade) of S\$9.89 million and cash and cash equivalents of S\$1.61 million. The amount due from holding company (non-trade) relate to loans extended by TMC Academy to the Company.

The amount due from holding company (non-trade) decreased from S\$6.05 million as at 30 June 2015 to S\$5.44 million as at 30 June 2016 and increased to S\$9.89 million as at 30 June 2017 due to additional loans extended by TMC Academy to the Company for working capital purposes.

Cash and cash equivalents increased from S\$0.54 million as at 30 June 2015 to S\$1.20 million as at 30 June 2016 and S\$1.61 million as at 30 June 2017, mainly due to the loan repayments by the Company to TMC Academy.

Liabilities

As at 30 June 2017, current liabilities comprise trade and other payables of S\$1.57 million and borrowings of S\$3.40 million, and non-current liabilities comprise borrowings of S\$1.36 million. Trade and other payables relate mainly to the course and examination fees received by TMC Academy in advance. Borrowings (both current and non-current portions) are in relation to the UOB Loan obtained by TMC Academy.

Trade and other payables decreased from S\$2.23 million as at 30 June 2015 to S\$1.80 million as at 30 June 2016 and S\$1.57 million as at 30 June 2017, mainly due to the decrease in student enrolments.

Borrowings (both current and non-current portions) were only recorded in FY2017 as the UOB Loan was obtained by TMC Academy in FY2017.

4.3 Book value of TMC Academy

Based on its latest audited financial statements for FY2017, TMC Academy recorded net asset value (“NAV”) and NTA of S\$5.17 million respectively as at 30 June 2017.

The Consideration of S\$6,000,000 represents a premium of approximately 16.0% to the NAV and NTA of TMC Academy of S\$5.17 million as at 30 June 2017.

We have considered whether there are any tangible assets which should be valued at an amount that is materially different from that which were recorded in the latest audited statement of financial position of TMC Academy as at 30 June 2017, and whether there are any factors which have not been otherwise disclosed in the financial statements of TMC Academy that are likely to impact the NAV and/or NTA as at 30 June 2017. In this regard, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material fluctuations or changes to TMC Academy’s business operations or profits since 1 July 2017 and up to the Latest Practicable Date, which would result in a material impact on the overall financial performance of TMC Academy;
- (b) there are no material differences between the realisable value of TMC Academy’s assets and their respective book values as at 30 June 2017, which would result in a material impact on the NAV and/or NTA of TMC Academy;
- (c) there are no liabilities which values would be materially different from those recorded in the audited statement of financial position of TMC Academy as at 30 June 2017;
- (d) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV and/or NTA of TMC Academy;
- (e) there are no litigation, claims or proceedings pending or threatened against TMC Academy or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of TMC Academy;
- (f) there are no intangible assets which ought to be disclosed in the audited statement of financial position of TMC Academy as at 30 June 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible asset would have had a material impact on the overall financial position of TMC Academy; and

- (g) there are no material acquisitions and disposals of assets by TMC Academy since 1 July 2017 and up to the Latest Practicable Date, and TMC Academy does not have any plans for any impending material acquisitions or disposals of assets, conversion of the use of its material assets or material change in the nature of TMC Academy's business.

4.4 Valuation of TMC Academy by the Independent Valuer

Nexia, the Independent Valuer, had been engaged by the Company to undertake an independent valuation of the Sale Shares. Nexia had performed the valuation as at 30 September 2017 based on (i) an income approach; (ii) a market approach; and (iii) an asset-based approach.

Income Approach

Based on the income approach using the discounted cash flow method, Nexia had attributed a nil value to the Sale Shares in view of the negative projected free cash flows arising from the high operating expenses of TMC Academy and the lack of sufficient revenue derived from the student enrolments.

Market Approach

Based on the market approach using the guideline public companies' multiples method, Nexia had attributed a nil value to the Sale Shares given that TMC Academy has negative maintainable earnings, after adjusting for non-recurring expenses (such as management service fees paid by TMC Academy to the Company) and income (such as government grants, and exchange gains) as well as the fact that TMC Academy would have to bear the entire operating expenses for the Business which had been apportioned between the Company and TMC Academy over the past financial years.

Asset-Based Approach

Based on the asset-based approach using the adjusted net asset method and after applying a discount of 20% to 30% for lack of marketability (in view of TMC Academy being a non-listed company) to the NAV of TMC Academy as at 30 September 2017 (after adjusting for the remaining outstanding net book value of the Company Loan as at 30 September 2017 of S\$4.66 million), Nexia had attributed an indicative value of the Sale Shares ("**Valuation**") to be between S\$3.64 million and S\$4.16 million as at 30 September 2017.

The Consideration of S\$6,000,000 represents a premium of between 44.1% and 64.7% to the Valuation of TMC Academy of between S\$3.64 million and S\$4.16 million as at 30 September 2017.

Please refer to the Summary Letter as set out in Appendix II to the Circular for details of the valuation approaches and methodologies as well as key assumptions adopted by Nexia in its valuation exercise.

We recommend that the Independent Directors advise the independent Shareholders to read the Summary Letter as set out in Appendix II to the Circular carefully, which should also be read in conjunction with the Valuation Report which is made available to Shareholders for inspection.

4.5 Comparable companies analysis

For the purposes of assessing the Consideration, we have referred to the current valuation statistics of selected listed companies on the SGX-ST, which are in the private tertiary education industry and which businesses may be considered to be broadly comparable to TMC Academy ("**Comparable Companies**"). We have had discussions with the Directors and the Management about the suitability and reasonableness of the Comparable Companies acting as a basis for comparison with TMC Academy.

We recognise that there is no listed company which can be considered to be identical to TMC Academy in terms of, *inter alia*, composition of business activities, scale of business operations, asset base, track record, geographical markets, market capitalisation, market/industry size, future prospects, risk profile, political risk, accounting policies, financial position and other relevant criteria. Furthermore, TMC Academy is a private company while the Comparable Companies are all publicly-listed companies on the SGX-ST. Therefore, any comparisons made are necessarily limited and are intended to serve only as an illustrative guide.

We set out in the table below the Comparable Companies, together with a brief description of their business activities:

Comparable Companies	Financial year-end	Business activities
Raffles Education Corporation Limited (“ Raffles Education ”)	30 June	Raffles Education operates 25 colleges / universities in 23 cities across 13 countries, offering a comprehensive range of internationally recognised programmes leading to diploma, advanced diploma, degree and masters qualifications.
Informatics Education Ltd (“ Informatics ”)	31 March	Informatics offers information technology and business management courses for foundation, diploma, undergraduate and postgraduate levels.

Source: Annual reports and/or corporate websites of the respective Comparable Companies

For the purpose of our evaluation and for illustration, we have made comparisons between TMC Academy and the Comparable Companies on a historical basis using the following valuation measures:

Valuation measure	Description
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“ EV/EBITDA ”)	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debts (inclusive of finance lease liabilities, and loans from shareholders) less the cash and cash equivalents.</p> <p>EBITDA is the earnings before interest, tax, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its trailing 12-month pre-tax consolidated operating cash flow performance, without regard to its capital structure as well as its interest, taxation, depreciation and amortisation charges.</p>
Price-to-Earnings (“ P/E ”)	<p>This ratio is computed by dividing the market capitalisation of a company by the trailing 12-month consolidated net profits attributable to owners of a company.</p> <p>The P/E is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-NAV (“ P/NAV ”)	<p>This ratio illustrates the market price of a company’s shares relative to the NAV per share as recorded in its financial statements. NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>Comparisons of companies using NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>

Valuation measure	Description
Price-to-NTA (“P/NTA”)	<p>This ratio illustrates the market price of a company’s shares relative to the NTA per share as recorded in its financial statements. NTA is defined as total assets less total liabilities as well as intangible assets, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p> <p>Comparisons of companies using NTA are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>

The valuation measures of the Comparable Companies set out below are based on their respective market capitalisations after the close of market as at the Latest Practicable Date.

Comparable Companies	Market capitalisation as at the Latest Practicable Date⁽¹⁾				
	(S\$ million)	EV/EBITDA⁽²⁾ (times)	P/E⁽³⁾ (times)	P/NAV⁽⁴⁾ (times)	P/NTA⁽⁵⁾ (times)
Raffles Education	275.7	30.8	N.A. ⁽⁷⁾	0.5	0.7
Informatics	5.1	N.A. ⁽⁶⁾	N.A. ⁽⁷⁾	1.3	1.3
Mean		–	–	0.9	1.0
Median		–	–	0.9	1.0
Maximum		–	–	1.3	1.3
Minimum		–	–	0.5	0.7
TMC Academy (as implied by the Consideration)		24.9	18.5	1.2	1.2

Source: Bloomberg L.P., announcements and/or annual reports of the respective Comparable Companies

Notes:

“N.A.” – Not applicable

- (1) The market capitalisations of the respective Comparable Companies are based on their respective last transacted share prices and outstanding number of issued shares as at the Latest Practicable Date.
- (2) The EV/EBITDA ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective trailing 12 months’ EBITDA based on the latest financial results as announced by the respective Comparable Companies.
- (3) The P/E ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective trailing 12 months’ net profit attributable to shareholders based on the latest financial results as announced by the respective Comparable Companies.
- (4) The P/NAV ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective NAVs for the latest financial periods as announced by the respective Comparable Companies.
- (5) The P/NTA ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective NTAs for the latest financial periods as announced by the respective Comparable Companies.

- (6) This multiple is not applicable as the company recorded negative EV and negative trailing 12 months' EBITDA.
- (7) This multiple is not applicable as the company recorded trailing 12 months' net loss attributable to shareholders.

Based on the above analysis, we note that:

- (a) TMC Academy recorded net profit attributable to shareholders as compared to trailing 12 months' net loss attributable to shareholders of the Comparable Companies;
- (b) the EV/EBITDA ratio of TMC Academy, as implied by the Consideration, is lower than the EV/EBITDA ratio of Raffles Education; and
- (c) the P/NAV or P/NTA ratio of TMC Academy, as implied by the Consideration, is (i) within the range of the P/NAV and P/NTA ratios of the Comparable Companies; and (ii) higher than the mean and median ratios.

Nevertheless, as highlighted under paragraph 4.2 above, the historical financial results of TMC Academy may not be a true reflection of the profitability of the Business as the operating expenses for the Business have been apportioned between the Company and TMC Academy for the past financial years. The above comparisons with the Comparable Companies are necessarily limited, and are meant to serve as illustrations only.

4.6 Financial effects of the Disposal

Details of the *pro forma* financial effects of the Disposal on the Group are set out in paragraph 2.7 of the Circular. We wish to highlight that the *pro forma* financial effects of the Disposal on the Group have been prepared based on the audited consolidated financial statements of the Group for FY2017 and the Consideration was assumed to be S\$5.14 million, based on the outstanding TMC Loan of S\$5.14 million as at 30 June 2017.

In summary, we note the following:-

(a) Share Capital

There is no impact on the issued and paid-up share capital of the Company as no new Shares will be issued in connection with the Disposal.

(b) NTA per Share

The NTA per Share of the Group will decrease slightly from S\$0.045 to S\$0.044 after the Completion.

(c) Loss per Share

The loss per Share of the Group will increase from S\$0.0052 to S\$0.0072 after the Completion, mainly due to the deconsolidation of results of TMC Academy and the estimated expenses to be incurred in connection with the Disposal, which were partially offset by the gain of Disposal and reversal of provision of campus reinstatement costs.

(d) Gearing Ratio

The gearing ratio of the Group will decrease from 1.95 times to 1.80 times after the Completion.

The *pro forma* financial effects of the Disposal are for illustrative purposes only and are not intended to be indicative or reflect the actual future financial situation of the Company and the Group after the Completion. They are not indicative of the financial performance or position that could have attained had the Disposal taken place in accordance with the assumptions stated in paragraph 2.7 of the Circular. We recommend that the Independent Directors advise the independent Shareholders to read the information carefully, in particular the bases and assumptions set out therein relating to the preparation of the *pro forma* financial effects.

4.7 Other relevant considerations in relation to the Disposal

4.7.1 Intention of the Offeror to vote in favour of the Disposal

We note that the Offeror does not intend for the Company to continue the Business subsequent to the completion of the Offer. As such, the Offeror intends to vote the TMC Sale Shares acquired pursuant to the Shares Acquisition in favour of the Disposal at the EGM to be convened on 30 January 2018, subject to (i) the IFA opining that the terms of the Disposal are fair and reasonable; and (ii) compliance with Rule 14.4 of the Code.

4.7.2 No other alternative offers from third parties

The Board has confirmed that, as at the Latest Practicable Date, there have been no offer to purchase TMC Academy other than from the Purchaser.

4.7.3 Use of proceeds

There will be no net cash proceeds from the Disposal to the Company as the Cash Consideration will be used as partial repayment for the TMC Loan, S\$4,100,000 of the TMC Loan will be waived by TMC Academy and the remainder of the TMC Loan will be novated to the Purchaser on the Completion Date.

4.7.4 Purchase by independent third party

The shareholders of the Purchaser comprise CK & CO (owned by Dr Chin and Ms Yeow) and Mr Lee, who hold 70% and 30% of the total issued and paid-up share capital in the Purchaser respectively. Accordingly, Mr Lee, a party independent of Dr Chin and Ms Yeow, will be acquiring the Sale Shares through the Purchaser at the same price as Dr Chin and Ms Yeow who are the interested persons.

4.7.5 Business of the Company after the completion of the Disposal

Further to the completion of the Disposal, the Company would cease to have any operating subsidiaries or businesses, and its only source of revenue would be rental income generated from the 25 office units that it continues to hold. Based on information set out under section 12 of the offer document dated 2 January 2018 which was despatched to Shareholders, there is currently no visibility on the future business that the Company may embark on post Disposal.

5. OUR OPINION

In arriving at our opinion, we have reviewed and deliberated on factors which we consider to be relevant and to have a significant bearing on our assessment as to whether, from a financial perspective, (i) the Disposal is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders; and (ii) the terms of the Disposal are fair and reasonable. These factors include, *inter alia*, the views and representations made by the Directors and the Management. We have carefully considered factors which we deem essential and balance them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

Based on our analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, from a financial perspective, the Disposal is, on balance, on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and the terms of the Disposal are, on balance, fair and reasonable.

In arriving at our opinion, we have relied on, *inter alia*, relevant statements contained in the Circular, confirmations, advice and representations by the Directors and the Management, and the Company's announcement in relation to the Disposal. We wish to emphasise that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the commercial merits of the Disposal which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Disposal vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Disposal, but any recommendations made by the Independent Directors in respect of the Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Disposal as an Interested Person Transaction and whether the terms of the Disposal are fair and reasonable) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh
Managing Director

**APPENDIX II – INDEPENDENT VALUATION SUMMARY LETTER FROM
NEXIA TS ADVISORY PTE. LTD.**

INDEPENDENT VALUATION SUMMARY LETTER FROM NEXIA TS ADVISORY PTE. LTD.

9 January 2018

The Board of Directors
TMC Education Corporation Limited
250 Middle Road
Singapore 188983

Dear Sirs,

1. INTRODUCTION

Nexia TS Advisory Pte. Ltd. (“Nexia TS”) has been engaged by the Board of Directors (the “Directors”) of TMC Education Corporation Limited (“TMCEC” or the “Company”) to conduct an independent valuation and provide a Market Value range of 100% of the share capital of TMC Academy Pte. Ltd. (“TMC Academy”) as at 30 September 2017 (the “Valuation Date”).

This letter has been prepared for the purpose of incorporation in the circular (“Circular”) to be issued in relation to the intention to dispose its private school, TMC Academy, to an unrelated party (the “Proposed Disposal”).

This letter indicates our conclusion in relation to the Market Value range of TMC Academy as at 30 September 2017 that is contained in our report dated 29 December 2017 (the “Valuation Report”). Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

Unless otherwise stated, words and expressions defined in the Circular for the purpose of obtaining shareholder’s approval for the Proposed Disposal have the same meaning in this letter.

2. TERMS OF REFERENCE

The objective of this letter, is to provide an independent Market Value range of 100% of the share capital of TMC Academy as at the Valuation Date.

Our engagement is different from that of an audit and it cannot therefore be relied upon to provide the same level of assurances as an audit. In particular, the information on which our report was based has not, except as specifically stated in this report, been subject to verification, and consequently we are not able to express an audit opinion on it.

We are not expressing an opinion on the commercial merits and structure of the Proposed Disposal and neither are we expressing any opinion on the future Market Value of TMC Academy.

Furthermore, we do not provide any assurance that the valuation prepared by us reflects the true value of TMC Academy or that other independent valuers will arrive at the same valuation conclusion.

Use of our letter and the Valuation Report

This letter and the Valuation Report are addressed to, and for the use and benefit of the Board of Directors for the purpose as set out above, and accordingly neither the Valuation Report nor this letter may be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of TMC Academy and the prospective investors of TMC Academy). Any recommendation made by the Board of Directors to the shareholders of the Company shall remain the responsibility of such Directors.

Reliance on information

In completing our work, we have relied upon the integrity of the financial accounts and data supplied to us. We have not undertaken any due diligence or audit of the information provided to us. The accuracy of such information is the sole responsibility of the Management. Information provided or representations by Management up to the date of the Valuation Report is assumed to reflect the financial and operating position of TMC Academy. We have not independently verified the information or documentation provided to us unless expressly stated in this report.

If prospective financial information approved by Management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results and those differences may be material.

Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

3. VALUATION APPROACH AND METHODOLOGIES

For the purpose of this valuation, we valued the shares of TMC Academy based on the concept of “market value” under the International Valuation Standards (“IVS”). Market value is typically defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The Income Approach has derived a nil value in view of the negative projected free cash flows arising from the high operating expenses of TMC Academy and the lack of sufficient revenue derived from the student enrolments.

The Market Approach has derived a nil value as a result of negative maintainable earnings, after adjusting for non-recurring expenses (such as management service fees paid by TMC Academy to the Company) and income (such as government grants, and exchange gains) as well as the fact

that TMC Academy would have to bear the entire operating expenses for the business which had been apportioned between the Company and TMC Academy over the past financial years.

Hence, we have relied on the Adjusted Net Asset Approach to derive the market value range of 100% share capital of TMC Academy.

Our conclusion of value is dependent primarily on the following assumptions:

- a) The accuracy and the completeness of the financial information provided to us;
- b) The book values of all assets and liabilities approximate their Market Values, except for the remaining outstanding net book value of borrowings made on behalf of TMCEC which has been adjusted out from the liabilities of TMC Academy; and
- c) Discount for Lack of Marketability of 20% - 30% has been applied.

4. CONCLUSIONS

In accordance with the terms of reference, valuation approach and methodologies and key assumptions set out herein, Nexia TS has estimated the Market Value of 100% share capital of TMC Academy to be in the range of **S\$ 3.64 million to S\$ 4.16 million** as at 30 September 2017.

Yours faithfully,

For and behalf of Nexia TS Advisory Pte. Ltd.



**Grace Lui, FCA (Singapore), CVA, ICVS
Director**

NOTICE OF EXTRAORDINARY GENERAL MEETING

TMC EDUCATION CORPORATION LTD

(Company Registration Number: 198102945K)

(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of TMC Education Corporation Ltd. ("**Company**") will be held at 250 Middle Road Singapore 188983, on 30 January 2018 at 11 a.m., for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 15 January 2018.

ORDINARY RESOLUTION

DISPOSAL OF 100% SHAREHOLDINGS IN TMC ACADEMY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION ("DISPOSAL")

That pursuant approval be and is hereby given:-

- (a) for the Company to enter into the Disposal on the terms and subject to the conditions set out in the SPA, being a major transaction under Chapter 10 of the Catalist Rules, disposal of the Company's core business under Practice Note 10(A) of the Catalist Rules and an Interested Person Transaction under Chapter 9 of the Catalist Rules; and
- (b) the Directors and each of them be and is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to this Ordinary Resolution and the Disposal and/or the matters contemplated herein.

BY ORDER OF THE BOARD

Ong Sing Huat
Company Secretary

15 January 2018

Notes:-

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting (“EGM”). A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“relevant intermediary” means:
 - (a) a banking corporation licenced under the Banking Act (Cap 19) of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
3. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, if no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second proxy as an alternate to the first named.
4. The instrument appointing a proxy or proxies must be duly deposited at the registered office of the Company at 250 Middle Road Singapore 188983, not less than 48 hours before the time appointed for the holding of the EGM.
5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the EGM unless his name appears on the Depository Register maintained by The Central Depository (Pte) Limited not less than 72 hours before the time appointed for the EGM.
8. An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CDP and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. All resolutions put to vote at the EGM shall be decided by way of poll.

Personal Data Privacy

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

TMC EDUCATION CORPORATION LTD

Registration No. 198102945K
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the EGM.
2. This Proxy Form is not valid for use by CPF and/or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy. In which case, the CPF and SRS investors shall be precluded from attending the EGM.

PROXY FORM
EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We* _____ NRIC/ Passport/ Co. Reg. No. _____

of _____ (Address)

being a member/members* of **TMC EDUCATION CORPORATION LTD** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 250 Middle Road Singapore 188983, on 30 January 2018 at 11 a.m., and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the EGM.

All resolutions put to the vote of the EGM shall be decided by the way of poll.

No.	Ordinary Resolution	Number of Votes For**	Number of Votes Against**
1.	To approve the Disposal		

*Delete as appropriate.

** If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

Signature(s) of Shareholder(s)/ Common Seal of corporate member

Total Number of Shares	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. Please insert the total number of ordinary shares in the capital of the Company (“**Shares**”) held by you. If you have Shares entered your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the Shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.
3. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each such proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
“relevant intermediary” means:
 - (a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Companies Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, of the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
7. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 250 Middle Road, Singapore 188983, not less than 48 hours before the time appointed for the EGM.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies.
9. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
10. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CDP and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

