

THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 28 AUGUST 2014 ISSUED BY MAYBANK INVESTMENT BANK BERHAD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately. If you have sold or transferred all your Offer Securities (as defined herein), you should at once hand this IAC to the purchaser or stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee of such Offer Securities.

Pursuant to Section 15(7) of the Malaysian Code on Take-Overs and Mergers, 2010 (“Code”), the Securities Commission Malaysia (“SC”) has granted its consent for the issuance of this IAC. However, such consent shall not be taken to indicate that the SC agrees with the views and recommendations contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code. The SC takes no responsibility for the contents of this IAC, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this IAC.



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

**INDEPENDENT ADVICE CIRCULAR
TO THE SHAREHOLDERS AND HOLDERS OF THE 3-YEAR WARRANTS 2011/2014
IN RELATION TO THE UNCONDITIONAL MANDATORY TAKE-OVER OFFER**

BY

SASTERIA (M) PTE LTD

(Registration No. 201421357N)
(Incorporated in the Republic of Singapore)

(“OFFEROR”)

THROUGH

MAYBANK INVESTMENT BANK BERHAD

(Company No. 15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE

- (I) ALL THE REMAINING ORDINARY SHARES OF RM0.10 EACH IN TMC LIFE SCIENCES BERHAD (“TMC”) (“TMC SHARES”) NOT ALREADY HELD BY THE OFFEROR AND SUCH NUMBER OF NEW TMC SHARES THAT MAY BE ISSUED PURSUANT TO THE EXERCISE OF ANY OUTSTANDING 3-YEAR WARRANTS 2011/2014 ISSUED BY TMC PRIOR TO THE CLOSE OF THE OFFER (“OFFER SHARES”); AND**
- (II) ALL THE REMAINING 3-YEAR WARRANTS 2011/2014 NOT ALREADY HELD BY THE OFFEROR (“OFFER WARRANTS”),**

FOR A CASH OFFER PRICE OF RM0.48 PER OFFER SHARE AND RM0.08 PER OFFER WARRANT RESPECTIVELY

Independent Adviser



Mercury Securities Sdn Bhd

(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this Independent Advice Circular:

Accepting Holder	: Holder who accepts the Offer in accordance with the terms and conditions set out in the Offer Document
Acquisition	: Acquisition by SAS Malaysia of 213,842,882 TMC Shares, representing approximately 26.65% of the issued and paid-up share capital of TMC as at 30 July 2014, from the Vendors for a total cash consideration of RM102,644,583.36 or RM0.48 per TMC Share, via direct business transaction on 7 August 2014
Act	: Companies Act, 1965
AGM	: Annual general meeting
Board	: Board of Directors of TMC
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System in Malaysia
Closing Date	: 5.00 p.m. (Malaysian time) on 18 September 2014, being 21 days from the Posting Date
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers, 2010
Compulsory Acquisition	: In accordance with Section 222 of the CMSA, the right of the Offeror to acquire all the remaining Offer Shares from the Dissenting Shareholders on the condition that the Offer receives valid acceptances from the Holders of not less than nine-tenths (9/10) in nominal value of the Offer Shares (excluding TMC Shares already held by the Offeror and the PACs as at the date of the take-over offer)
DCF	: Discounted cash flow
Depositor	: A holder of a CDS Account, an account established by Bursa Depository for a Depositor for the purpose of recording the deposit of securities and for dealing in such securities by the Depositor
Directors	: Directors of TMC
Dissenting Shareholder	: Any shareholder who does not accept the Offer and/or any shareholder who has failed or refused to transfer the Offer Shares to the Offeror in accordance with the Offer Document
EBITDA	: Earning before interest, taxation, depreciation and amortisation
EPS	: Earning per TMC Share
EV	: Enterprise value, calculated as market capitalisation plus borrowings, minority interest and preferred shares, less cash and cash equivalents
FBMKLCI	: FTSE Bursa Malaysia Kuala Lumpur Composite Index

DEFINITIONS (CONT'D)

Form of Acceptance and Transfer	: Collectively, the form of acceptance and transfer for the Offer Shares and/or Offer Warrants (where applicable) enclosed with the Offer Document
FPE	: Financial period ended
FYE	: Financial year ended / ending
GIL	: Gilberta Investments Limited (1564997), a PAC to the Offeror and a company wholly-owned by Mr. Lim
Holder	: Holder of the Offer Securities
IAC	: Independent advice circular comprising the letter from the Board (as contained in Part A of this IAC) and the IAL (as contained in Part B of this IAC)
IAL	: Independent advice letter from the Independent Adviser to the Holders of the Offer Securities dated 8 September 2014
Interested Directors	: Collectively, Dr. Wong Chiang Yin and Dr. Chan Boon Kheng
LAT	: Loss after taxation
LBT	: Loss before taxation
LFTD	: 6 August 2014, being the last full trading day prior to the serving of the Notice by Maybank IB on behalf of the Offeror
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 2 September 2014, being the latest practicable date which is not more than seven (7) days prior to the issuance of this IAC
LPS	: Loss per TMC Share
Market Day	: A day on which Bursa Securities is open for trading of securities
Maybank IB	: Maybank Investment Bank Berhad (15938-H)
Mercury Securities or Independent Adviser	: Mercury Securities Sdn Bhd (113193-W), appointed by the Board (save for the Interested Directors) as the independent adviser pursuant to Section 15(1) of the Code
Mr. Lim or Ultimate Offeror	: Lim Eng Hock
NBV	: Net book value
Non-Interested Directors	: Directors of TMC, excluding the Interested Directors
Notice	: Notice of the Offer dated 7 August 2014 issued by Maybank IB, on behalf of the Offeror, and served on the Board
Offer	: Unconditional mandatory take-over offer by the Offeror through Maybank IB to acquire the Offer Securities at the Offer Price in accordance with the terms and conditions as set out in the Offer Document
Offer Document	: The document dated 28 August 2014, which sets out the details, terms and conditions of the Offer, together with the Form of Acceptance and Transfer enclosed therein

DEFINITIONS (CONT'D)

Offer Document LPD	: 21 August 2014, being the latest practicable date as set out in the Offer Document
Offer Period	: Period commencing from 7 August 2014, being the date of the service of the Notice, until the earlier of either: (i) the Closing Date; or (ii) the date on which the Offer lapses, expires or is withdrawn with the prior written approval of the SC
Offer Price	: Share Offer Price or Warrant Offer Price, as the case may be
Offer Securities	: Offer Shares and/or Offer Warrants, as the case may be
Offer Shares	: All the remaining TMC Shares not already held by the Offeror and such number of new TMC Shares that may be issued pursuant to the exercise of any outstanding Warrants for new TMC Shares prior to the Closing Date
Offer Warrants	: All the remaining Warrants not already held by the Offeror
PACs	: GIL, SAS and Mr. Lim, being the persons acting in concert with the Offeror in relation to the Offer in accordance with Section 216 of the CMSA
PAT	: Profit after taxation
PBT	: Profit before taxation
PER	: Price-earnings ratio
Posting Date	: 28 August 2014, being the date of posting of the Offer Document
RNAV	: Revalued Net Asset Value
SAS	: Sasteria Pte Ltd (201006430W), a PAC to the Offeror and a company wholly-owned by Mr. Lim
SAS Malaysia or Offeror	: Sasteria (M) Pte Ltd (201421357N), a wholly-owned subsidiary of SAS
SC	: Securities Commission Malaysia
Share Offer Price	: Cash offer price of RM0.48 per Offer Share
SOPV	: Sum-of-parts valuation
TMC or Company or Offeree	: TMC Life Sciences Berhad (624409-A)
TMC Group or Group	: Collectively, TMC and its subsidiaries
TMC Share	: Ordinary share of RM0.10 each in TMC
Vendors	: Collectively, Juara Sejati Sdn Bhd, B.L. Capital Sdn Bhd, Selat Makmur Sdn Bhd, Teras Mewah Sdn Bhd and Inter-Pacific Capital Sdn Bhd
VWAP	: Volume weighted average market price

DEFINITIONS (CONT'D)

Warrant : 3-year warrant issued by TMC expiring on 22 December 2014, which entitles its holders to subscribe for one (1) new TMC Share at an exercise price of RM0.40 for each Warrant held. As at the LPD, there were 401,184,832 outstanding Warrants

Warrant Offer Price : Cash offer price of RM0.08 per Offer Warrant

CURRENCY

RM and sen : Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia

In this IAC, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include companies or corporations, unless otherwise specified.

All references to "you" or "Holder" in this IAC are to each holder of the Offer Securities, being the person to whom the Offer is being made. All references to "we", "us" and "our" in this IAC, save for the Executive Summary and the letter from the Board, are to Mercury Securities, the Independent Adviser for the Offer.

Any discrepancies in the tables between amounts stated and the totals in this IAC are, unless otherwise explained, due to rounding.

Any reference to a time of day in this IAC shall be a reference to Malaysian time, unless otherwise stated. Where a period specified in the Code, as appearing in this IAC, ends on a day which is not a Market Day, the period is extended until the next Market Day.

Any reference in this IAC to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. WE ADVISE HOLDERS TO READ THE LETTER FROM THE BOARD AND THE IAL FROM MERCURY SECURITIES, THE INDEPENDENT ADVISER, IN RELATION TO THE OFFER FOR FURTHER INFORMATION AND FOR THEIR VIEWS AND RECOMMENDATIONS IN RELATION TO THE OFFER. THIS IAC SHOULD ALSO BE READ TOGETHER WITH THE OFFER DOCUMENT ISSUED BY MAYBANK IB ON BEHALF OF THE OFFEROR.

1. INTRODUCTION

On 7 August 2014, Maybank IB had, on behalf of the Offeror, served the Notice informing the Board that the Offeror will undertake the Offer at the Offer Price. The receipt of the Notice had been announced to Bursa Securities on even date.

On 11 August 2014, the Board (save for the Interested Directors) had deliberated on the Offer and announced that:

- (i) they decided not to seek another person to undertake a take-over offer for the Offer Securities; and
- (ii) in accordance with Section 15(1) of the Code, they had resolved to appoint Mercury Securities as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

A copy of the Notice and the Offer Document had been despatched to you on 14 August 2014 and 28 August 2014 respectively.

As indicated in the Offer Document, the Offer shall extend to the Offer Securities held by the PACs. For the purpose of the Offer, the PACs are as follows:

- (i) GIL;
- (ii) SAS, which holds 100% of the issued and paid-up share capital of SAS Malaysia; and
- (iii) Mr. Lim, who holds 100% of the issued and paid-up share capital of both GIL and SAS and is also the Ultimate Offeror for the Offer.

The purpose of this IAC is to provide you with relevant information on the Offer and the Non-Interested Directors' views and recommendation on the Offer together with the recommendation of Mercury Securities.

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EXECUTIVE SUMMARY (CONT'D)

2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer are as follows:

Consideration for the Offer	<p>The consideration for the Offer is RM0.48 per Offer Share and RM0.08 per Offer Warrant and shall be satisfied in cash.</p> <p>You may accept the Offer in respect of all or any part of your Offer Securities. The Offeror will not pay fractions of a sen to the Accepting Holders. Entitlement to the cash payment will be rounded down to the nearest whole sen.</p>
Condition of the Offer	<p>The Offer is not conditional upon any minimum level of acceptances of the Offer Shares.</p>
Duration of the Offer	<p>The Offer will open for acceptances until 5.00 p.m. (Malaysian time) on 18 September 2014, being the Closing Date.</p> <p>The Offeror intends to close the Offer on the Closing Date and the Offeror does not intend to revise or extend the date and time for acceptance of the Offer beyond the Closing Date.</p> <p>Please refer to Section 2 in Appendix II of the Offer Document for further details on the duration of the Offer.</p>
Method of settlement	<p>If the Offeror deems your acceptance to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or your designated agents, as you may direct) at your registered Malaysian address last maintained with Bursa Depository at your own risk within ten (10) days from the date of the valid acceptances.</p>

Please refer to Appendix II and Appendix III of the Offer Document for other terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

On 7 August 2014, the Offeror had obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. As at the Offer Document LPD, save for the said irrevocable undertaking, the Offeror has not received any other irrevocable undertaking from any other Holders to accept the Offer.

As at the LPD, save for the acceptance by GIL in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants, there is no announcement made by Maybank iB on behalf of the Offeror of any acceptance of the Offer.

4. **Listing status of TMC**

The Offeror intends to maintain the listing status of TMC on the Main Market of Bursa Securities. In the event that the Offeror receives acceptances under the Offer resulting in the public shareholding spread of TMC being less than 25% or the Offeror and the PACs holding 90% or more of the listed shares of TMC, the Offeror will explore various options or proposals to rectify the public shareholding spread of TMC or to procure TMC to explore all possible options to rectify the public shareholding spread of TMC within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities to maintain the listing status of TMC on Bursa Securities. In such circumstances, the Offeror may endeavour to place out sufficient number of TMC Shares or procure TMC to carry out a corporate exercise to rectify the shortfall in the public shareholding spread of TMC. As at the Offer Document LPD, no arrangements on the above have been made. The actual course of action to be taken by the Offeror will depend on, among others, the circumstances as well as the prevailing market conditions at the relevant time. Such rectification of the shortfall in the public shareholding spread of TMC will be subject to the Offeror and the PACs retaining an equity interest of more than 50% in TMC.

5. **Compulsory Acquisition**

The Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any Offer Shares for which valid acceptances have not been received prior to the Closing Date.

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EXECUTIVE SUMMARY (CONT'D)

6. EVALUATION OF THE OFFER

In arriving at the recommendation in respect of the Offer, Mercury Securities has assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 3.1 to 3.6 under Practice Note 15 of the Code which state:

- (i) The Offer Price is considered as "fair" if it is equal to or higher than the market price and fair value of the Offer Securities;
- (ii) However, if the Offer Price is equal to or higher than the market price, but is lower than the fair value of the Offer Securities, the Offer Price is considered as "not fair"; and
- (iii) Generally, a take-over offer would be considered "reasonable" if it is "fair".

Their assessment is set out below:

(i) Fairness of the Offer

Considerations	Offer Shares	Offer Warrants																										
Valuation	<ul style="list-style-type: none"> • Based on the SOPV methodology, Mercury Securities has derived a fair value per TMC Share ranging from RM0.42 to RM0.46 as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">Business segments</th> <th style="background-color: #cccccc;">Valuation methods</th> <th style="background-color: #cccccc;">Fair value (RM' mil)</th> </tr> </thead> <tbody> <tr> <td>Group's business</td> <td>DCF</td> <td>286.9 to 317.1</td> </tr> <tr> <td>Major unutilised assets</td> <td>RNAV</td> <td>48.2</td> </tr> <tr> <td>Whole entity</td> <td>SOPV</td> <td>335.1 to 365.3</td> </tr> <tr> <td colspan="2">Issued and paid-up share capital of 802,373,868 TMC Shares as at the LFTD (in million)</td> <td>802.4</td> </tr> <tr> <td colspan="2">Fair value per TMC Share (RM / TMC Share)</td> <td>0.42 to 0.46</td> </tr> </tbody> </table>	Business segments	Valuation methods	Fair value (RM' mil)	Group's business	DCF	286.9 to 317.1	Major unutilised assets	RNAV	48.2	Whole entity	SOPV	335.1 to 365.3	Issued and paid-up share capital of 802,373,868 TMC Shares as at the LFTD (in million)		802.4	Fair value per TMC Share (RM / TMC Share)		0.42 to 0.46	<ul style="list-style-type: none"> • Based on the Trinomial option pricing model, Mercury Securities has derived a fair value per Warrant of RM0.076 comprising: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;"></th> <th style="background-color: #cccccc;">RM</th> </tr> </thead> <tbody> <tr> <td>Intrinsic value</td> <td>0.065</td> </tr> <tr> <td>Time value</td> <td>0.011</td> </tr> <tr> <td>Fair value per Warrant</td> <td>0.076</td> </tr> </tbody> </table> <p>The Warrant Offer Price of RM0.080 is <u>higher</u> than and represents a premium of approximately 5.26% over the fair value per Warrant of RM0.076.</p> <p>Please refer to Section 6.3.1 in Part B of this IAC for further information.</p>		RM	Intrinsic value	0.065	Time value	0.011	Fair value per Warrant	0.076
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EXECUTIVE SUMMARY (CONT'D)

Considerations	Offer Shares	Offer Warrants
<p>Valuation (cont'd)</p>	<ul style="list-style-type: none"> The Share Offer Price of RM0.48 is higher than and represents a premium of approximately 4.3% to 14.3% over the range of fair value per TMC Share of RM0.42 to RM0.46. Please refer to Section 6.1 in Part B of this IAC for further information. The implied EV/EBITDA multiple arising from the SOPV method ranges from 21.82 times to 23.98 times. In comparison, they noted that the Share Offer Price of RM0.48 implies a higher EV/EBITDA multiple of 25.40 times. 	
<p>Historical price performance</p>	<ul style="list-style-type: none"> The Share Offer Price of RM0.480 can be considered to be at the highest of the historical closing market prices for the past three (3) years up to the LFTD as there is only one (1) Market Day (1 August 2014) on which the market price closed higher at RM0.485. Please refer to Section 6.2.2 in Part B of this IAC for further information on the premiums / (discounts) of the Share Offer Price to the market prices / VWAPs of TMC Shares. 	<ul style="list-style-type: none"> Since 1 January 2014 up to the LFTD, the Warrant Offer Price has been consistently equal to or higher than the closing market prices of Warrants except for three (3) Market Days, being 1 August 2014, 4 August 2014 and 5 August 2014. The expiry date for Warrants is 22 December 2014, approximately 138 days from the LFTD, after which the Warrants will lapse, cease to be valid and will become worthless. Please refer to Section 6.4.2 in Part B of this IAC for further information on the premiums / (discounts) of the Warrant Offer Price to the market prices / VWAPs of Warrants.
<p>Mercury Securities' view</p>	<ul style="list-style-type: none"> The Share Offer Price is FAIR 	<ul style="list-style-type: none"> The Warrant Offer Price is FAIR

EXECUTIVE SUMMARY (CONT'D)

(ii) **Reasonableness of the Offer**

Generally, a take-over offer would be considered "reasonable" if it is "fair". Other than the Offer Price which Mercury Securities view as fair, they have also considered the following factors in assessing the reasonableness of the Offer:

Considerations	Offer Shares	Offer Warrants
Trading liquidity	<ul style="list-style-type: none"> The Offer represents an avenue for the Holders, especially for those holding a significant number of TMC Shares and/or Warrants to realise their investment in cash at the Offer Price in view of the relatively illiquid trading volume of TMC Shares and Warrants. Without the Offer, the Holders may not be able to realise or may take significant time to dispose of their investment at the Offer Price in the open market. 	
Competing take-over offer	<ul style="list-style-type: none"> As at the LPD, the Board has not received any competing offer for the Offer Securities nor any other offer to acquire the assets and liabilities of TMC Group. 	
Mercury Securities' view	<ul style="list-style-type: none"> The Offer for Offer Shares is REASONABLE 	<ul style="list-style-type: none"> The Offer for Offer Warrants is REASONABLE.

EXECUTIVE SUMMARY (CONT'D)

7. RECOMMENDATION**7.1. BY MERCURY SECURITIES**

Premised on the above and their evaluation as a whole, Mercury Securities is of the opinion that the Offer in respect of the Offer Shares and Offer Warrants is **FAIR** and **REASONABLE**.

Accordingly, Mercury Securities recommends the Holders to **ACCEPT** the Offer.

7.2. BY NON-INTERESTED DIRECTORS

Dr. Wong Chiang Yin, by virtue of him being a non-independent non-executive director of Rowsley Ltd, a company listed on the Singapore Stock Exchange and controlled by the Ultimate Offeror, and Dr. Chan Boon Kheng, by virtue that he is the brother of Madam Chan Lay Hoon who is the sole director of the Offeror, are deemed interested in the Offer and will abstain from making any recommendation in respect of the Offer.

After careful examination of the terms and conditions of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by Mercury Securities as set out in Part B of this IAC, the Non-Interested Directors have **CONCURRED** with the evaluation and recommendation of Mercury Securities that the Offer is **FAIR** and **REASONABLE** and **recommend** the Holders to **ACCEPT** the Offer.

8. IMPORTANT DATES AND EVENTS

The important dates in relation to the Offer are as follows:

Event	Date
Date of the Notice	7 August 2014
Posting of the Offer Document	28 August 2014
Posting of this IAC	8 September 2014
Closing Date ⁽¹⁾	18 September 2014

Note:

(1) *The Offer will open for acceptances until 5.00 p.m. (Malaysian time) on the Closing Date. The Offeror intends to close the Offer on the Closing Date and the Offeror does not intend to revise or extend the date and time for acceptance of the Offer beyond the Closing Date.*

You should consider carefully the terms and conditions of the Offer based on all the relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information.

You are advised to read this IAC, together with the Offer Document, carefully for more information and not rely solely on the Executive Summary before forming an opinion on the Offer.

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PART A
LETTER FROM THE BOARD



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

8 September 2014

Board of Directors

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir (*Non-Independent Non-Executive Chairman*)

Dr. Wong Chiang Yin (*Executive Director*)

Dato' Dr. Tan Kee Kwong (*Independent Non-Executive Director*)

Dr. Chan Boon Kheng (*Non-Independent Non-Executive Director*)

Freddie Pang Hock Cheng (*Non-Independent Non-Executive Director*)

Gary Ho Kuat Foong (*Independent Non-Executive Director*)

Claire Lee Suk Leng (*Independent Non-Executive Director*)

To: The Holders

Dear Sir / Madam,

UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MAYBANK IB TO ACQUIRE THE OFFER SECURITIES FOR A CASH OFFER PRICE OF RM0.48 PER OFFER SHARE AND RM0.08 PER OFFER WARRANT RESPECTIVELY

1. INTRODUCTION

On 7 August 2014, SAS Malaysia completed the Acquisition for a total cash consideration of RM102,644,583.36 or RM0.48 per TMC Share, via direct business transaction.

As at 30 July 2014, GIL, one of the PACs, holds 261,466,666 TMC Shares, representing approximately 32.59% of the issued and paid-up share capital of TMC as well as 130,733,332 Warrants, representing approximately 32.59% of the total outstanding Warrants.

Consequently, following the Acquisition, SAS Malaysia and GIL collectively hold 475,309,548 TMC Shares (*an increase from approximately 32.59% to approximately 59.24% of the issued and paid-up share capital of TMC*) and 130,733,332 Warrants.

Pursuant to Section 218(2) of the CMSA and Section 9(1)(a) of the Code, as the aggregate shareholding of SAS Malaysia together with the PACs in TMC exceeds 33.00% of the issued and paid-up share capital of TMC after the Acquisition, Maybank IB had on 7 August 2014, served, on behalf of the Offeror, the Notice on the Board, informing the Board that the Offeror will undertake the Offer in accordance with Section 11(8)(a) of the Code. The receipt of the Notice had been announced to Bursa Securities on even date and a copy of the Notice had been despatched to you on 14 August 2014.

On 11 August 2014, the Board (save for the Interested Directors) had deliberated on the Offer and announced that:

- (i) they decided not to seek another person to undertake a take-over offer for the Offer Securities; and
- (ii) in accordance with Section 15(1) of the Code, they had resolved to appoint Mercury Securities as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

In addition to this IAC, you should have by now received a copy of the Offer Document dated 28 August 2014, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

As indicated in the Offer Document, the Offer shall extend to the Offer Securities held by the PACs. For the purpose of the Offer, the PACs are as follows:

- (i) GIL;
- (ii) SAS, which holds 100% of the issued and paid-up share capital of SAS Malaysia; and
- (iii) Mr. Lim, who holds 100% of the issued and paid-up share capital of both GIL and SAS and is also the Ultimate Offeror for the Offer.

On 7 August 2014, the Offeror had obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. On 28 August 2014, GIL had accepted the Offer in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants.

As at the LPD, the details of the Offeror's and the PACs' holdings in TMC Shares and Warrants are set out in the tables below:

(i) TMC Shares

Name	Direct		Indirect	
	No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	475,309,548	59.24	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	475,309,548 ⁽²⁾	59.24
Mr. Lim	-	-	475,309,548 ⁽³⁾	59.24

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 6A of the Act

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 6A of the Act

(ii) Warrants

Name	Direct		Indirect	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	130,735,332	32.59	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	130,735,332 ⁽²⁾	32.59
Mr. Lim	-	-	130,735,332 ⁽³⁾	32.59

Notes:

(1) Computed based on 401,184,832 outstanding Warrants as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 4 of the CMSA

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 4 of the CMSA

The purpose of this IAC is to provide you with relevant information on the Offer and the Non-Interested Directors' views and recommendation on the Offer together with the recommendation of Mercury Securities. You are advised to read both this IAC and the Offer Document and consider carefully the recommendations contained herein before taking any action.

2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer are set out in Section 2 in Part B of this IAC. Please refer to Appendix II and Appendix III of the Offer Document for other terms and conditions of the Offer and the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As set out in Section 1 above, the Offeror had on 7 August 2014 obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. As at the Offer Document LPD, save for the said irrevocable undertaking, the Offeror has not received any other irrevocable undertaking from any other Holders to accept the Offer.

As at the LPD, save for the acceptance by GIL in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants, there is no announcement made by Maybank IB on behalf of the Offeror of any acceptance of the Offer.

4. DIRECTORS' INTENTION IN RELATION TO THE OFFER

The Directors of TMC and their respective shareholdings and/or warrant holdings based on the Register of Directors' Shareholdings and Register of Directors' Warrant Holdings in TMC as at the LPD are as follows:

(i) TMC Shares

Name	Designation	Direct		Indirect	
		No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	Non-Independent Non-Executive Chairman	943,700	0.12	1,058,332 ⁽²⁾	0.13
Dr. Wong Chiang Yin	Executive Director	-	-	-	-
Dato' Dr. Tan Kee Kwong	Independent Non-Executive Director	-	-	-	-
Dr. Chan Boon Kheng	Non-Independent Non-Executive Director	-	-	-	-
Freddie Pang Hock Cheng	Non-Independent Non-Executive Director	89,550	0.01	-	-
Gary Ho Kuat Foong	Independent Non-Executive Director	-	-	-	-
Claire Lee Suk Leng	Independent Non-Executive Director	-	-	-	-

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares as at the LPD

(2) Deemed interested by virtue of his spouse's and children's interests pursuant to Section 134 of the Act

(ii) Warrants

Name	Designation	Direct No. of Warrants	% ⁽¹⁾	Indirect No. of Warrants	% ⁽¹⁾
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	Non-Independent Non-Executive Chairman	386,400	0.10	516,664 ⁽²⁾	0.13
Dr. Wong Chiang Yin	Executive Director	-	-	-	-
Dato' Dr. Tan Kee Kwong	Independent Non-Executive Director	-	-	-	-
Dr. Chan Boon Kheng	Non-Independent Non-Executive Director	-	-	-	-
Freddie Pang Hock Cheng	Non-Independent Non-Executive Director	46,400	0.01	-	-
Gary Ho Kuat Foong	Independent Non-Executive Director	-	-	-	-
Claire Lee Suk Leng	Independent Non-Executive Director	-	-	-	-

Notes:

(1) Computed based on 401,184,832 outstanding Warrants as at the LPD

(2) Deemed interested by virtue of his spouse's and children's interests pursuant to Section 134 of the Act

Save for the disposal of 10,000 TMC Shares at RM0.395 per TMC Share on 29 April 2014 by the son of Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, the Directors have not dealt in TMC Shares and/or Warrants during the six (6)-month period prior to the commencement of the Offer Period up to the LPD.

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir (being a *Non-Interested Director*) had indicated that he intends to dispose of:

- (i) a portion of TMC Shares directly and indirectly held by him; and
- (ii) all Warrants directly and indirectly held by him,

either via **ACCEPTING** the Offer or selling off the said TMC Shares and Warrants in the open market in the event that the trading prices are higher than the Offer Price (after taking into account associated costs on disposal in the open market). With regards to the remaining TMC Shares, he intends to **REJECT** the Offer and continue to hold them and participate in the future growth of TMC Group as a shareholder of the Company.

Freddie Pang Hock Cheng (*being a Non-Interested Director*) had indicated his intention to **REJECT** the Offer in respect of his direct shareholdings and Warrant holdings in TMC. His intention was solely based on his own personal investment objectives which include his intention to continue his participation in the future growth of the business of TMC Group as a shareholder and Warrant holder of the Company.

Nonetheless, both of them **CONCURRED** with the evaluation and recommendation of Mercury Securities that the Offer is **FAIR** and **REASONABLE** and they recommend that you **ACCEPT** the Offer.

5. NON-INTERESTED DIRECTORS' COMMENTS

5.1 Rationale for the Offer

The Non-Interested Directors noted the rationale of the Offer as set out in Section 3 of the Offer Document.

In this respect, the Non-Interested Directors take cognisance that the Acquisition allows the Ultimate Offeror, who is a well-established investor in the private hospital and medical clinic sector in the region, to acquire a majority control in TMC through SAS Malaysia. The Ultimate Offeror strongly believes in the potential of the healthcare sector, especially in Malaysia and the Offer represents a major step in his efforts to build a network of quality and synergistic healthcare investments in the region.

The Non-Interested Directors also noted that the Offer was made by SAS Malaysia to comply with Section 218(2) of the CMSA and Section 9(1)(a) of the Code as a result of the Offeror's and the PACs' aggregate holding of TMC Shares increasing from approximately 32.59% to approximately 59.24%, exceeding 33.00% of the issued and paid-up share capital of TMC following the Acquisition.

The Non-Interested Directors noted that the Share Offer Price is based on the market price of RM0.48 per TMC Share paid by the Offeror pursuant to the Acquisition and the Warrant Offer Price is arrived at based on the provision of Practice Note 31 of the Code i.e. based on the difference between the Share Offer Price of RM0.48 and the exercise price of the Offer Warrant of RM0.40.

5.2 Future plans for TMC Group and its employees

The Non-Interested Directors take note of the Offeror's plan within the next twelve (12) months from the Closing Date as stated in Section 7 of the Offer Document, which is set out below:

- (i) The Offeror intends to continue with the existing businesses of TMC Group and has no intention of liquidating the Group. The Offeror may review the business and operations of TMC Group in order to remain competitive within the industry and improve the Group's prospects for future growth;
- (ii) The Offeror has no plans or intention to introduce or effect any major change in the structure of TMC Group, or dispose or re-deploy the fixed assets of the Group, except where such plan or disposal and/or redeployment is necessary to rationalise the business activities and/or directions of the Group or to improve the utilisation of resources; and

- (iii) The Offeror has no plans to undertake any employee separation or redundancy scheme with respect to TMC Group as a direct consequence of the Offer. Any changes with regard to the staff employment may take place as a result of any rationalisation and/or streamlining of the business activities and/or to further improve efficiency of the operations of the Group, subject always to decisions made by the Board in the best interest of TMC.

The Non-Interested Directors also noted that the Offeror has no knowledge of and has not entered into any negotiation, arrangement or understanding with any third party with regard to any significant change in the businesses and shareholding structure of TMC Group within twelve (12) months from the Closing Date.

5.3 Listing status of TMC

The Non-Interested Directors noted that the **Offeror intends to maintain the listing status of TMC on the Main Market of Bursa Securities**. In the event that the Offeror receives acceptances under the Offer resulting in the public shareholding spread of TMC being less than 25% or the Offeror and the PACs holding 90% or more of the listed shares of TMC, the Offeror will explore various options or proposals to rectify the public shareholding spread of TMC or to procure TMC to explore all possible options to rectify the public shareholding spread of TMC within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities to maintain the listing status of TMC on Bursa Securities. In such circumstances, the Offeror may endeavour to place out sufficient number of TMC Shares or procure TMC to carry out a corporate exercise to rectify the shortfall in the public shareholding spread of TMC. As at the Offer Document LPD, no arrangements on the above have been made. The actual course of action to be taken by the Offeror will depend on, among others, the circumstances as well as the prevailing market conditions at the relevant time. Such rectification of the shortfall in the public shareholding spread of TMC will be subject to the Offeror and the PACs retaining an equity interest of more than 50% in TMC.

5.4 Compulsory Acquisition

The Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any Offer Shares for which valid acceptances have not been received prior to the Closing Date.

6. INDEPENDENT ADVISER'S LETTER

The Holders are advised to read and consider the views and recommendation of Mercury Securities, the Independent Adviser appointed to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer. The IAL is included in Part B of this IAC.

7. NON-INTERESTED DIRECTORS' RECOMMENDATION

Dr. Wong Chiang Yin, by virtue of him being a non-independent non-executive director of Rowsley Ltd, a company listed on the Singapore Stock Exchange and controlled by the Ultimate Offeror, and Dr. Chan Boon Kheng, by virtue that he is the brother of Madam Chan Lay Hoon who is the sole director of the Offeror, are deemed interested in the Offer and will abstain from making any recommendation in respect of the Offer.

After careful examination of the terms and conditions of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by Mercury Securities as set out in Part B of this IAC, the Non-Interested Directors have **CONCURRED** with the evaluation and recommendation of Mercury Securities that the Offer is **FAIR** and **REASONABLE** and **recommend** the Holders to **ACCEPT** the Offer.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAC and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAC false or misleading.

The responsibility of the Board in respect of:

- (i) the information relating to the Offeror, the PACs and the Offer (as extracted from the Offer Document) is to ensure that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by Mercury Securities in relation to the Offer as set out in Part B of this IAC, is to ensure that accurate information in relation to TMC Group was provided to Mercury Securities for its evaluation of the Offer and to ensure that all information in relation to the Group that is relevant to Mercury Securities' evaluation of the Offer have been completely disclosed to Mercury Securities and that there is no material fact, the omission of which would make any information provided to Mercury Securities false or misleading.

THE HOLDERS ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION, RISK PROFILE AND PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT HOLDERS, WHO REQUIRE ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INVESTMENT OBJECTIVES, FINANCIAL SITUATION, RISK PROFILE OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Yours faithfully,
for and on behalf of the Board of
TMC LIFE SCIENCES BERHAD

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
Non-Independent Non-Executive Chairman

PART B

INDEPENDENT ADVICE LETTER FROM MERCURY SECURITIES



Mercury Securities Sdn. Bhd. (113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Registered Office:
Ground, 1st, 2nd, 3rd Floor
Wisma Umno
Lorong Bagan Luar Dua
12000 Butterworth
Seberang Perai

8 September 2014

To: The Holders

Dear Sir / Madam,

UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MAYBANK IB TO ACQUIRE THE OFFER SECURITIES FOR A CASH OFFER PRICE OF RM0.48 PER OFFER SHARE AND RM0.08 PER OFFER WARRANT RESPECTIVELY

1. INTRODUCTION

On 7 August 2014, SAS Malaysia completed the Acquisition for a total cash consideration of RM102,644,583.36 or RM0.48 per TMC Share, via direct business transaction.

As at 30 July 2014, GIL, one of the PACs, holds 261,466,666 TMC Shares, representing approximately 32.59% of the issued and paid-up share capital of TMC as well as 130,733,332 Warrants, representing approximately 32.59% of the total outstanding Warrants.

Consequently, following the Acquisition, SAS Malaysia and GIL collectively hold 475,309,548 TMC Shares (*an increase from approximately 32.59% to approximately 59.24% of the issued and paid-up share capital of TMC*) and 130,733,332 Warrants.

Pursuant to Section 218(2) of the CMSA and Section 9(1)(a) of the Code, as the aggregate shareholding of SAS Malaysia together with the PACs in TMC exceeds 33.00% of the issued and paid-up share capital of TMC after the Acquisition, Maybank IB had on 7 August 2014, served, on behalf of the Offeror, the Notice on the Board, informing the Board that the Offeror will undertake the Offer in accordance with Section 11(8)(a) of the Code. The receipt of the Notice had been announced to Bursa Securities on even date and a copy of the Notice had been despatched to you on 14 August 2014.

On 11 August 2014, the Board (save for the Interested Directors) had deliberated on the Offer and announced that:

- (i) they decided not to seek another person to undertake a take-over offer for the Offer Securities; and
- (ii) in accordance with Section 15(1) of the Code, they had resolved to appoint Mercury Securities as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

Butterworth - Ground, 1st, 2nd & 3rd Floor, Wisma UMNO, Lorong Bagan Luar Dua, 12000 Butterworth, Seberang Perai.
Tel: 04-3322123 Fax: 04-3231813 / 3312195 E-mail: mercury@mersec.com.my Website: www.mercurysecurities.com.my

Kuala Lumpur - L-7-2, No. 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur.
Tel: 03-62037227 Fax: 03-62037117 E-mail: mercurykl@mersec.com.my

Melaka - No. 81B & 83B, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka. Tel: 06-2921898 Fax: 06-2926898

Penang - 2nd Floor, Standard Chartered Bank Chambers, 2 Lebuhr Pantai, 10300 Penang. Tel: 04-2639118 Fax: 04-2612118

Johor Bahru - Menara Pelangi, Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. Tel: 07-3316992 Fax: 07-3322693

In addition to this IAC, you should have by now received a copy of the Offer Document dated 28 August 2014, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

As indicated in the Offer Document, the Offer shall extend to the Offer Securities held by the PACs. For the purpose of the Offer, the PACs are as follows:

- (i) GIL;
- (ii) SAS, which holds 100% of the issued and paid-up share capital of SAS Malaysia; and
- (iii) Mr. Lim, who holds 100% of the issued and paid-up share capital of both GIL and SAS and is also the Ultimate Offeror for the Offer.

On 7 August 2014, the Offeror had obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. On 28 August 2014, GIL had accepted the Offer in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants.

As at the LPD, the details of the Offeror's and the PACs' holdings in TMC Shares and Warrants are set out in the tables below:

(i) TMC Shares

Name	Direct		Indirect	
	No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	475,309,548	59.24	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	475,309,548 ⁽²⁾	59.24
Mr. Lim	-	-	475,309,548 ⁽³⁾	59.24

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 6A of the Act

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 6A of the Act

(ii) Warrants

Name	Direct		Indirect	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	130,735,332	32.59	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	130,735,332 ⁽²⁾	32.59
Mr. Lim	-	-	130,735,332 ⁽³⁾	32.59

Notes:

(1) Computed based on 401,184,832 outstanding Warrants as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 4 of the CMSA

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 4 of the CMSA

The purpose of this IAL is to provide our independent evaluation of the terms and conditions of the Offer together with our recommendation thereon, subject to the scope of our role and limitations specified herein.

WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL CAREFULLY TOGETHER WITH THE LETTER FROM THE BOARD IN PART A OF THIS IAC AND THE OFFER DOCUMENT, A COPY OF WHICH YOU SHOULD HAVE RECEIVED BY NOW, BEFORE TAKING ANY ACTION. THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF. IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer are as follows:

Consideration for the Offer	<p>The consideration for the Offer is RM0.48 per Offer Share and RM0.08 per Offer Warrant and shall be satisfied in cash.</p> <p>You may accept the Offer in respect of all or any part of your Offer Securities. The Offeror will not pay fractions of a sen to the Accepting Holders. Entitlement to the cash payment will be rounded down to the nearest whole sen.</p>
Condition of the Offer	<p>The Offer is not conditional upon any minimum level of acceptances of the Offer Shares.</p>
Duration of the Offer	<p>The Offer will open for acceptances until 5.00 p.m. (Malaysian time) on 18 September 2014, being the Closing Date.</p> <p>The Offeror intends to close the Offer on the Closing Date and the Offeror does not intend to revise or extend the date and time for acceptance of the Offer beyond the Closing Date.</p> <p>Please refer to Section 2 in Appendix II of the Offer Document for further details on the duration of the Offer.</p>
Method of settlement	<p>If the Offeror deems your acceptance to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or your designated agents, as you may direct) at your registered Malaysian address last maintained with Bursa Depository at your own risk within ten (10) days from the date of the valid acceptances.</p>

Please refer to Appendix II and Appendix III of the Offer Document for other terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

On 7 August 2014, the Offeror had obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. As at the Offer Document LPD, save for the said irrevocable undertaking, the Offeror has not received any other irrevocable undertaking from any other Holders to accept the Offer.

As at the LPD, save for the acceptance by GIL in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants, there is no announcement made by Maybank IB on behalf of the Offeror of any acceptance of the Offer.

4. LIMITATIONS TO THE EVALUATION OF THE OFFER

We have evaluated the Offer and in rendering our advice, we have considered various factors which we believe are of relevance and general importance to an assessment of the terms and conditions as well as implications of the Offer and would be of general concern to the Holders.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the terms and conditions of the Offer as to whether the Offer is fair and reasonable in so far as the Holders are concerned based on information and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:

- (a) information contained in the Notice, Offer Document and the appendices attached thereto;
- (b) audited consolidated financial statements of TMC Group for the FYE 31 December 2009, 17-month FPE 31 May 2011, FYE 31 May 2012 and FYE 31 May 2013 as well as the latest unaudited consolidated financial statements for the FYE 31 May 2014;
- (c) discussions with and representations by the Board and management of TMC;
- (d) other relevant information, documents, confirmations and representations furnished to us by the Board and management of TMC; and
- (e) other publicly available information which we deem to be relevant.

We have relied on TMC, the Board and management of TMC to take due care to ensure that all information, documents and representations provided by them to facilitate our evaluation of the Offer, are accurate, valid and complete in all material aspects. Accordingly, we have not independently verified the aforesaid information provided to us for its feasibility, reliability, accuracy and/or completeness and we express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of TMC Group and all relevant parties involved in the Offer. Nonetheless, we have made enquiries as were reasonable in the circumstances and as at the date hereof, we are satisfied that the information provided to us is sufficient and have no reason to believe that the aforementioned information is unreliable, incomplete, misleading and/or inaccurate.

Our evaluation as set out in this IAL is rendered solely for the benefit of the Holders as a whole and not for any specific group of Holders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual Holder or any specific group of Holders. We recommend that any Holder who is in doubt as to the action to be taken in relation to the Offer in the context of his/her individual investment objectives, financial situation, risk profile or particular needs, should consult his/her respective stockbroker, solicitor, accountant, banker or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time.

We shall immediately notify the Holders if, after despatching this IAC, as guided by Paragraph 3.28 under Practice Note 15 of the Code, we:

- (i) become aware of a significant change affecting the information contained in this IAC;
- (ii) have reasonable grounds to believe that a material statement in this IAC is misleading or deceptive; or
- (iii) have reasonable grounds to believe that there is a material omission in this IAC.

If circumstances require, we shall send a supplementary IAC to the Holders.

5. EVALUATION OF THE OFFER

In arriving at our opinion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 3.1 to 3.6 under Practice Note 15 of the Code, where the term "fair and reasonable" should generally be analysed as two (2) distinct criteria, i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term.

The Offer Price is considered as "fair" if it is equal to or higher than the market price and fair value of the Offer Securities. However, if the Offer Price is equal to or higher than the market price, but is lower than the fair value of the Offer Securities, the Offer Price is considered as "not fair". In making the assessment, the fair value of the Offer Securities is determined based on the assumption that 100% of the issued securities of the Offeree is being acquired.

Generally, a take-over offer would be considered "reasonable" if it is "fair".

We have considered the following pertinent factors in our evaluation of the Offer:

Fairness of the Offer	Section 6
• Valuation of TMC Shares	Section 6.1
• Historical TMC Shares price performance	Section 6.2
• Valuation of Warrants <ul style="list-style-type: none"> i. Trinomial option pricing model ii. Exercise of Warrants for Offer Shares 	Section 6.3
• Historical Warrants price performance	Section 6.4
Reasonableness of the Offer	Section 7
• Historical liquidity analysis of TMC Shares and Warrants	Section 7.1
• Other considerations	Section 7.2

6. FAIRNESS OF THE OFFER

6.1 Valuation of TMC Shares

SOPV Model

In arriving at the fair value of TMC Shares, we have adopted the SOPV model, in which the fair value of TMC Shares will be the aggregate of:

- (i) DCF valuation on free cash flows to equity ("**FCFE**") projected to be generated from the Group's business; and
- (ii) RNAV for major unutilised and non-income / non-cash flow generating assets of the Group ("**Surplus Assets**").

We view that the SOPV model is an appropriate method to derive the fair value of TMC Shares due to the following reasons:

- (i) under the DCF method, by discounting the FCFE of TMC Group's business at the cost of equity, we will derive the net present value of all future cash flows from TMC Group's business attributable to the shareholders; and
- (ii) as the Surplus Assets do not contribute to the future cash flows of TMC Group's business, the fair values of these Surplus Assets need to be separately assessed. The RNAV method is chosen as the methodology for the valuation of these Surplus Assets as they comprise mainly land and buildings.

(A) DCF valuation on the Group's business

The principal activity of TMC is that of investment holding while its subsidiaries are principally involved in the operating of a private general hospital and clinics offering fertility treatment. The Group's revenue is mainly generated from the operations of its flagship multi-disciplinary tertiary care hospital, Tropicana Medical Centre in Kota Damansara ("**TMCKD**"). TMCKD opened its doors to the public towards the end of year 2008 and since then, has been operating for more than five (5) years up to the LFTD.

In view of the operating history of the hospital, the stream of future cash flows to be derived from TMCKD is expected to be relatively predictable. Coupled with the cash-centric nature of the hospital operations, we view the DCF valuation methodology to be the appropriate approach to value the business of TMC Group.

The DCF valuation model considers both the time value of money and the cash flows generated by the Group over a specified period of time. As the methodology entails the discounting of future cash flows generated from the business at a specified discount rate to arrive at the net present value of the Group's business, the riskiness of generating such cash flows will be taken into consideration.

We have reviewed TMC Group's five (5)-year financial forecast and projections ("**Forecast**") prepared by the management of TMC. The Holders should note that the Forecast was prepared based on estimates and best-effort basis but it has not been independently verified by any professional advisers. The Forecast has been approved by the Board who is responsible for the bases and assumptions used in the preparation of the Forecast.

The key bases and assumptions adopted in the preparation of the Forecast are as follows:

- (a) TMC Group is a going concern and is expected to sustain its operations in perpetuity;
- (b) the valuation has not taken into consideration any future developments and/or potential new ventures which are not currently in contemplation but may be undertaken by the Group in the future;
- (c) the management has projected the revenue to grow at a range of approximately 10% to 20%;
- (d) the operating costs of TMC Group will increase in proportionate with the increase in revenue;
- (e) the Group anticipates to replace its medical equipment every five (5) to ten (10) years of use and this will be entirely financed from its internally-generated funds;
- (f) there is no significant or material change in the principal activities and existing structure of TMC Group;
- (g) there is no significant or material change to the licenses and regulations governing the business activities of the Group;
- (h) there is no significant change in accounting policies of the Group; and
- (i) there will be no material change in Malaysia's economic condition and regulatory requirements.

We have considered the key bases and assumptions adopted in the Forecast and are satisfied that the bases and assumptions used therein are reasonable. Nonetheless, we wish to highlight that the valuation is based on the prevailing economic market, regulatory requirements and other conditions as at the date of the valuation, as well as publicly available information and information provided by the Group. Such conditions may change significantly over a short period of time and materially affect the valuation (whether adversely or favourably).

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In order to derive the fair value of TMC Group's business attributable to the shareholders, we have discounted the FCFE of the Group at its cost of equity. Our valuation, together with the key bases and assumptions used, of the Group's business attributable to the shareholders is set out below:

No	Key bases and assumptions	Descriptions
(i)	FCFE	<p>FCFE is the free cash flows from operations available to the equity holders of a company after taking into consideration all operating expenses, movement in working capital, net investing cash flows and net financing cash flows.</p> <p>We have reviewed the key bases and assumptions adopted by the management of TMC (as set out above) in deriving at the FCFE and are satisfied that they are reasonable.</p>
(ii)	Cost of equity ("K _e ")	<p>Cost of equity represents the rate of return on the Company required by an investor on the cash flow streams generated by the Group, given, amongst others, the risks associated with the cash flows.</p> <p>We have derived at a cost of equity of 10.56% for the Company using the Capital Asset Pricing Model with the following inputs:</p> $K_e = R_f + \beta (R_m - R_f)$
(iii)	Risk-free rate of return ("R _f ")	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment.</p> <p>The best available approximation of the risk-free rate of return is the yield of ten (10)-year Malaysian Government Securities.</p> <p>As extracted from the Bank Negara Malaysia website, the said yield is 3.87% as at 6 August 2014, being the LFTD.</p>
(iv)	Expected market rate of return ("R _m ")	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of every asset in the market.</p> <p>In our opinion, the historical rate of return for the FBMKLCI is a good indicator of the equity market return in Malaysia. Given the volatility of the stock market and market cycles, we view that a 15-year historical rate of return for the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market as well as mitigates market bias.</p> <p>As extracted from the Bloomberg, the annualised rate of return for the FBMKLCI since the past 15 years, on a monthly basis, up to 31 July 2014, being the last full trading month prior to the LFTD, is 9.97%.</p>

No	Key bases and assumptions	Descriptions
(v)	Beta ("β")	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than one (1) signifies that the asset is riskier than the market and vice versa.</p> <p>In deriving at the beta of TMC, we have used the adjusted three (3)-year beta of the Company as extracted from Bloomberg of 1.098, calculated based on weekly return up to 6 August 2014, being the LFTD. For information purposes, adjusted beta is an estimate of a security's future beta. The adjusted beta is derived from historical data, but modified by the assumption that a security's beta moves towards the market average over time and is calculated as follows:</p> <p>Adjusted Beta = $(0.67 * \text{Historical Beta}) + (0.33 * 1.0)$</p> <p>We have not adopted the beta of other healthcare companies listed on Bursa Securities as we view the abovesaid adjusted beta of TMC would be more reflective of TMC Shares' riskiness.</p>
(vi)	Perpetuity growth rate	<p>In deriving at TMC Group's terminal value ranging from RM233.0 million to RM257.6 million, we have adopted a perpetuity growth rate of 3.70% on the projected cash flow for the FYE 2019.</p> <p>The said growth rate is in line with the general inflation rate in Malaysia. As quoted from the Governor's Statement in the annual report of Bank Negara Malaysia for the FYE 31 December 2013, "<i>Inflation in 2014 and 2015 is projected to be above its historical average, and to be between 3 -- 4%.</i>".</p> <p>As at the LFTD, the latest general inflation rate available from the website of Bank Negara Malaysia is 3.20%, which is in May 2014. However, given the historical growth and prospects in the healthcare sector, we have adopted 3.70% as the perpetuity growth rate.</p>

No	Key bases and assumptions	Descriptions
(vii)	Corporate income tax rate	<p>24%</p> <p>Based on the 2014 Budget as presented by the Finance Minister of Malaysia on 25 October 2013, the corporate income tax rate will be reduced from 25% to 24% whereas for small and medium companies, from 20% to 19% from the year of assessment 2016.</p> <p>In the Forecast prepared by the management, a reduced corporate income tax rate of 24% has been adopted in the FYE 31 May 2016 onwards.</p>
Fair value of the Group's business attributable to the shareholders (Excluding Surplus Assets)	ranges from approximately RM286.9 million to RM317.1 million	<p>The formula used to derive the fair value, i.e. the net present value of the projected cash flows is as follows:</p> $\frac{\text{Projected cash flow for the FYE 2015}}{(1+K_c)^1} + \frac{\text{Projected cash flow for the FYE 2016}}{(1+K_c)^2} + \frac{\text{Projected cash flow for the FYE 2017}}{(1+K_c)^3} + \frac{\text{Projected cash flow for the FYE 2018}}{(1+K_c)^4} + \frac{\text{Projected cash flow for the FYE 2019}}{(1+K_c)^5} + \frac{\text{Terminal value}}{(1+K_c)^5}$

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(B) RNAV of Surplus Assets

We have discussed with the management on the utilisation of major assets, being long-term leasehold land and buildings, of the Group in the generation of income or cash flow. Based on the said discussion, we note that the following assets are not fully utilised in the Group's business and hence, we identify them as Surplus Assets:

- (i) approximately two-thirds of the six (6)-acre long-term leasehold land in Kota Damansara ("KD Land") which are without any commercial structure built thereon except for being used as an open car park. The details of the KD Land are set out below:

Title	Registered owner	Existing use	Tenure	Land area (square feet)	Unaudited NBV as at 31 May 2014 (RM mil)	Year of Acquisition
Lot No. PT 12172, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor	Tropicana Medical Centre (M) Sdn Bhd	Private hospital and corporate office	Leasehold for 99 years expiring on 17 April 2108	261,369	18.2	2003*

* The KD Land was acquired in 2003 by Tropicana Medical Centre (M) Sdn Bhd, which subsequently became a wholly-owned subsidiary of the Company in 2005.

- (ii) the 2nd floor of a three and a half (3.5)-storey shoplot in Puchong ("Puchong Shoplot") which is currently unutilised. The details of the Puchong Shoplot are set out below:

Location	Registered owner	Existing use	Tenure	Land area (square feet)	Gross floor area (square feet)	Unaudited NBV as at 31 May 2014 (RM mil)	Year of Acquisition
No. 5, Jalan Merbah 3, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	TMC Properties Sdn Bhd	Ground floor is used as fertility centre • 1 st floor is rented out • 2 nd floor is vacant • 3 rd floor is for staff usage	Freehold	1,873	6,625	2.7	2009

There has been no revaluation carried out on the KD Land and the Puchong Shoplot where any revaluation surplus / deficit was incorporated in the Group's financial statements.

In valuing these Surplus Assets, we have adopted the current market values based on “as-is where-is” basis to derive the RNAV of the Surplus Assets. For internal management purposes, TMC had appointed C H Williams Talhar & Wong (“Valuer”) to determine the market values of these properties in their entirety. In their valuation, the Valuer had adopted the following valuation methodologies:

- (i) cost method for the hospital building, corporate office and ancillary structures together with the portion of the KD Land on which they occupy, as well as the comparison method as a check;
- (ii) comparison method for the portion of the KD Land that is not occupied by any structures; and
- (iii) comparison method for the Puchong Shoplot.

Cost method

Cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics. The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation.

The land and building values are then summated to arrive at the market value of the subject property.

Comparison method

Comparison method of valuation entails the analysis of recent transactions and asking prices of similar property in the locality for comparison purposes with adjustments made for differences in location, size, age and condition of unit and building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value of the subject property.

We are of the view that the valuation methodologies applied by the Valuer are reasonable and consistent with generally applied valuation methodologies. We are satisfied with and have relied upon the valuation conducted by the Valuer for the purposes of computing the RNAV for the Surplus Assets.

Based on the valuation prepared by the Valuer, we have derived a RNAV of RM48.2 million for the Surplus Assets as set out below:

	Two-thirds of KD Land (RM' mil)	2 nd floor of Puchong Shoplot (RM' mil)	Total (RM' mil)
Market value	49.0 ⁽¹⁾	1.1 ⁽¹⁾	50.1
Less: Unaudited NBV as at 31 May 2014	(12.1) ⁽²⁾	(0.7) ⁽²⁾	(12.8)
Surplus on NBV	36.9	0.4	37.3
Less: 5% statutory Real Property Gains Tax	(1.9)	*	(1.9)
Net surplus on NBV	35.0	0.4	35.4
Add: Unaudited NBV as at 31 May 2014	12.1 ⁽²⁾	0.7 ⁽²⁾	12.8
RNAV of Surplus Assets	47.1⁽³⁾	1.1⁽³⁾	48.2

* Insignificant

Notes:

- (1) These market values represent the Surplus Assets portion only and have been estimated based on market values (as ascribed by the Valuer in their certificates of valuation dated 26 August 2014) of RM125.0 million for the KD Land, together with the structures thereon, and RM4.5 million for the Puchong Shoplot.
- (2) These NBVs represent the Surplus Assets portion only.
- (3) These RNAVs are computed on the assumption that these Surplus Assets are realised in the open market. Hence, in deriving at the RNAVs, an assumed statutory Real Property Gains Tax of 5% on the surplus has been deducted.

(C) SOPV of TMC Shares

Based on our computation below, the SOPV for TMC Shares ranges from approximately RM335.1 million to RM365.3 million or fair value per TMC Share of RM0.42 to RM0.46.

No.	Business segments	Workings	Valuation methods	Fair value (RM' mil)
1.	Group's business	A	DCF	286.9 to 317.1
2.	Surplus Assets	B	RNAV	48.2
3.	Whole entity	C = A + B	SOPV	335.1 to 365.3
Fair value per TMC Share (RM / TMC Share)				
• based on issued and paid-up share capital of 802,373,868 TMC Shares as at the LFTD				RM0.42 to RM0.46 ⁽¹⁾

Note:

- (1) Assuming all the Warrants are exercised into new TMC Shares at the exercise price of RM0.40, the fair value per TMC Share based on the enlarged 1,203,559,500 TMC Shares is slightly lower at a range of approximately RM0.41 to RM0.44, which is still **lower** than the Share Offer Price.

Comments:

Based on the key valuation parameters above, we have derived a range of fair value per TMC Share of approximately RM0.42 to RM0.46. We wish to highlight that the Share Offer Price of RM0.48 is **higher** than and represents a premium of approximately 4.3% to 14.3% over the range of fair value per TMC Share of RM0.42 to RM0.46.

The implied EV/EBITDA multiple arising from our SOPV method ranges from 21.82 times to 23.98 times. In comparison, we noted that the Share Offer Price of RM0.48 implies a higher EV/EBITDA multiple of 25.40 times.

For information purposes, we have considered a comparison of the above multiples against the trading EV/EBITDA multiple of other healthcare and hospital players and have applied the following parameters:

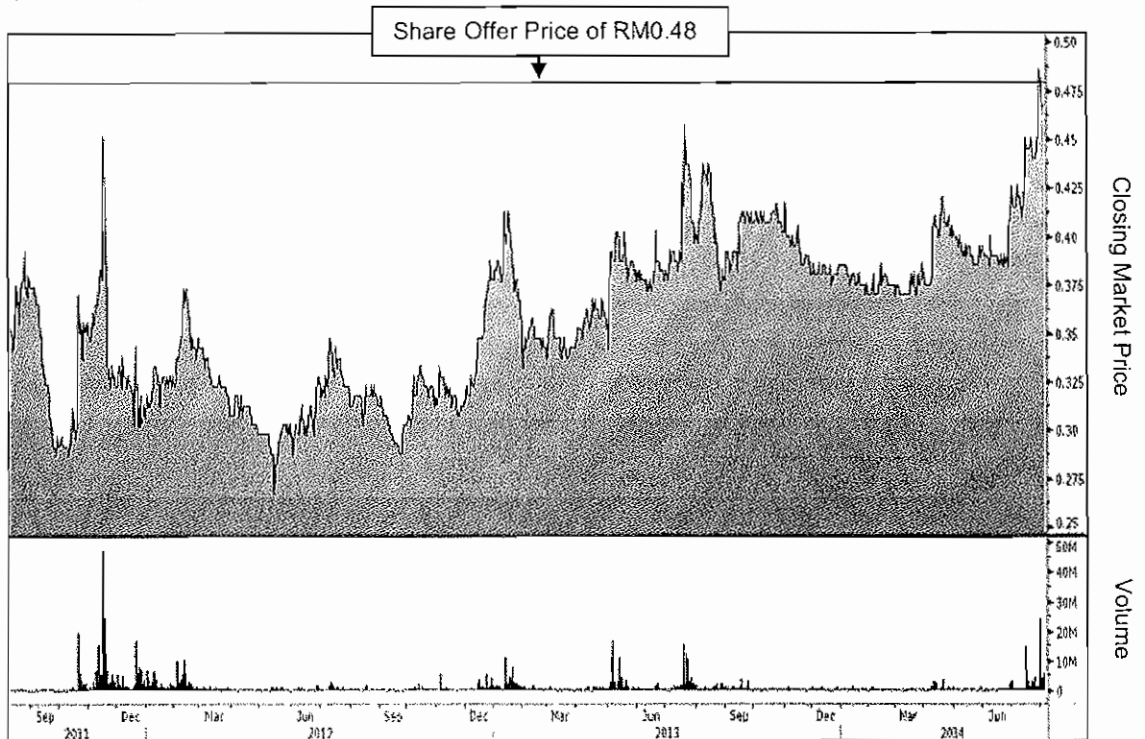
- (i) listed companies on Bursa Securities and other regional stock exchanges;
- (ii) operate hospitals in South East Asian countries (considered as emerging markets and have fairly similar demographics as Malaysia);
- (iii) market capitalisation of less than RM1.0 billion as at the LFTD;
- (iv) more than 90% of their revenue is derived from the hospital and healthcare business; and
- (v) we have further accounted for the differing country's equity risk premium.

Arising from the parameters above, we have found the resulting number of the peer comparables to be too few to support an informative analysis. As such, we have not presented such findings in this IAL.

6.2 Historical TMC Shares price performance

6.2.1 Historical market price of TMC Shares for the past three (3) years up to the LFTD

The graph below sets out the historical closing market prices of TMC Shares for the past three (3) years up to the LFTD:



(Source: Bloomberg)

Comments:

Based on the graph above, we note the following:

- the lowest and highest closing market price of TMC Shares over the past three (3) years up to the LFTD is RM0.270 and RM0.485 respectively; of which
- the Share Offer Price of RM0.480 can be considered to be at the highest of the historical closing market prices for the past three (3) years up to the LFTD as there is only one (1) Market Day (1 August 2014) on which the market price closed higher at RM0.485.

We would like to highlight that the principal activities of TMC have remained unchanged for the past three (3) years up to the LPD, of which if otherwise, would have impacted TMC Share price over the said period.

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6.2.2 Share Offer Price in relation to the historical closing market prices / VWAPs

The Share Offer Price of RM0.48 per Offer Share is yielding the following premiums / (discounts) to closing market prices and VWAPs of TMC Shares:

	Closing market price or VWAP		Premium / (Discount) of the Share Offer Price over closing market price or VWAP	
	RM	RM	RM	%
Up to the LFTD:				
Last traded market price	0.4650	0.0150		3.23
Five (5)-day VWAP	0.4797	0.0003		0.06
One (1)-month VWAP	0.4629	0.0171		3.69
Three (3)-month VWAP	0.4495	0.0305		6.79
Six (6)-month VWAP	0.4351	0.0449		10.32
One (1)-year VWAP	0.4211	0.0589		13.99
Up to the LPD:				
Last traded market price	0.4750	0.0050		1.05
Five (5)-day VWAP	0.4845	(0.0045)		(0.93)

(Source: Bloomberg)

Comments:

Based on the table above, we note that the Share Offer Price represents the following:

- (i) a premium of 1.05% and 3.23% to the last traded price on the LPD and LFTD respectively;
- (ii) a premium of between 0.06% and 13.99% over the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAP of TMC Shares up to the LFTD; and
- (iii) a discount of 0.93% over the five (5)-day VWAP of TMC Shares up to the LPD.

It should also be noted that the historical closing market prices of TMC Shares had been trending upwards and trading closer to the Share Offer Price during the Offer Period. However, this may not be an indication of the future performance of the market prices of TMC Shares, which may be influenced by, amongst others, the performance and prospects of TMC Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. There is also no assurance that the market price of TMC Shares will continue to trade at the current range if the Offer is not carried out or will remain at current levels after the Closing Date.

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6.3 Valuation of Warrants

We wish to highlight to the holders of Warrants that the Warrants will expire on 22 December 2014, which is approximately 138 days from the LFTD, after which the Warrants will lapse, cease to be valid, and will become worthless.

The holders of Warrants may, up to the expiry date of the Warrants, elect to exercise one (1) Warrant for one (1) new TMC Share at an exercise price of RM0.40. As set out in the graph in Section 6.2.1 above, TMC Shares have generally been trading below the exercise price of the Warrants of RM0.40 for the past three (3) years prior to the LFTD. However, as at the LPD, TMC Shares price of RM0.475 is above the exercise price of RM0.40 and hence, the Warrants have intrinsic value and are "in-the-money".

6.3.1 Trinomial option pricing model

The Warrants are listed on the Main Market of Bursa Securities and can be exercised at any time up to its expiry date on 22 December 2014. Hence, the Warrants are considered an American-style option. In assessing the fair value of the Warrants, we have applied the Trinomial option pricing model to arrive at the theoretical value of the Warrants.

The Trinomial option pricing model is an appropriate method to value the Warrants, which is an American-style option and unlike the Binomial option pricing model which assumes that the value of the underlying asset will either be greater than or less than its current value, the Trinomial option pricing model incorporates a third possible value, i.e. the value of the underlying asset will be same as the current value, over a time period.

The primary parameters used in the model are as follows:

- (i) the price of the underlying TMC Shares of RM0.465, being the closing market price of TMC Shares as at the LFTD;
- (ii) exercise price of the Warrants of RM0.40;
- (iii) the time to maturity of the Warrants of 138 days from the LFTD;
- (iv) the expected risk-free interest rate over the tenure of the Warrant of 3.434% (based on three and half (3.5)-year Malaysian Government Bonds rate which are expiring in August 2014 as extracted from the Bank Negara Malaysia website); and
- (v) historical volatility of the underlying TMC Shares up to the LFTD of 26.70% (as extracted from Bloomberg),

The theoretical value or the fair value of the Warrants is the sum of the:

- (i) intrinsic value (being the difference between the value of the underlying TMC Shares and the exercise price of the Warrants); and
- (ii) time value (which is the value attributed to the Warrants taking into consideration factors such as, amongst others, the time to maturity of the Warrants, the expected risk-free rate over the tenure of the Warrants and the volatility of TMC Shares).

Comments:

Based on the foregoing, the fair value of the Warrants and the premium of the Warrant Offer Price over the fair value of the Warrants are set out below:

	RM	%
Theoretical value / fair value of the Warrants		
(a) intrinsic value ⁽¹⁾	0.065	
(b) time value ⁽²⁾	0.011	
	0.076	
Warrant Offer Price	0.080	
Premium of Warrant Offer Price over the fair value of the Warrants	0.004	5.26

Notes:

- (1) Calculated based on the closing market price of TMC Shares as at the LFTD of RM0.465 less the exercise price of the Warrants of RM0.40.
- (2) Calculated based on the theoretical value of Warrants as at the LFTD of RM0.076, as computed using the Trinomial option pricing model less the intrinsic value of the Warrants of RM0.065.

6.3.2 Exercise of Warrants for Offer Shares

The holders of Warrants have the option to exercise their Warrants for new TMC Shares during the Offer Period at an exercise price of RM0.40 for the purpose of accepting the Offer at the Share Offer Price.

For illustration purposes, we have set out below a financial position comparison between a holder of 100 Offer Warrants who chooses to accept the Offer at the Warrant Offer Price and a holder of 100 Offer Warrants who chooses to exercise his/her Warrants for Offer Shares and subsequently, to accept the Offer at the Share Offer Price.

	Accepts the Offer at the Warrant Offer Price	Exercises the Offer Warrants and subsequently, accepts the Offer at the Share Offer Price
No. of Warrants held	100	100
Exercise price	-	RM0.40
No. of Offer Shares held after the exercise	-	100
Acceptance of the Offer		
Cash (at Warrant Offer Price)	RM8	-
Cash (at Share Offer Price)	-	RM48
Less: Exercise price of RM0.40 per Warrant	-	(RM40)
Total net cash inflow	RM8	RM8

In accordance with Section 1.2 under Practice Note 31 of the Code, the Warrant Offer Price has been determined based on the difference between the Share Offer Price of RM0.48 and the exercise price of the Offer Warrant of RM0.40. Hence, based on our illustration above, the holders of Warrants will be in the same financial position for both situations.

Notwithstanding this, the holders of Warrants should take into consideration of the timing for receiving the Offer Shares credited into the CDS account, the opportunity loss for parting with the exercise money as well as associated cost to be incurred for applying for the bankers' cheque / draft or postal order and fee payable to the registrar to enable the exercise of the Warrants for Offer Shares.

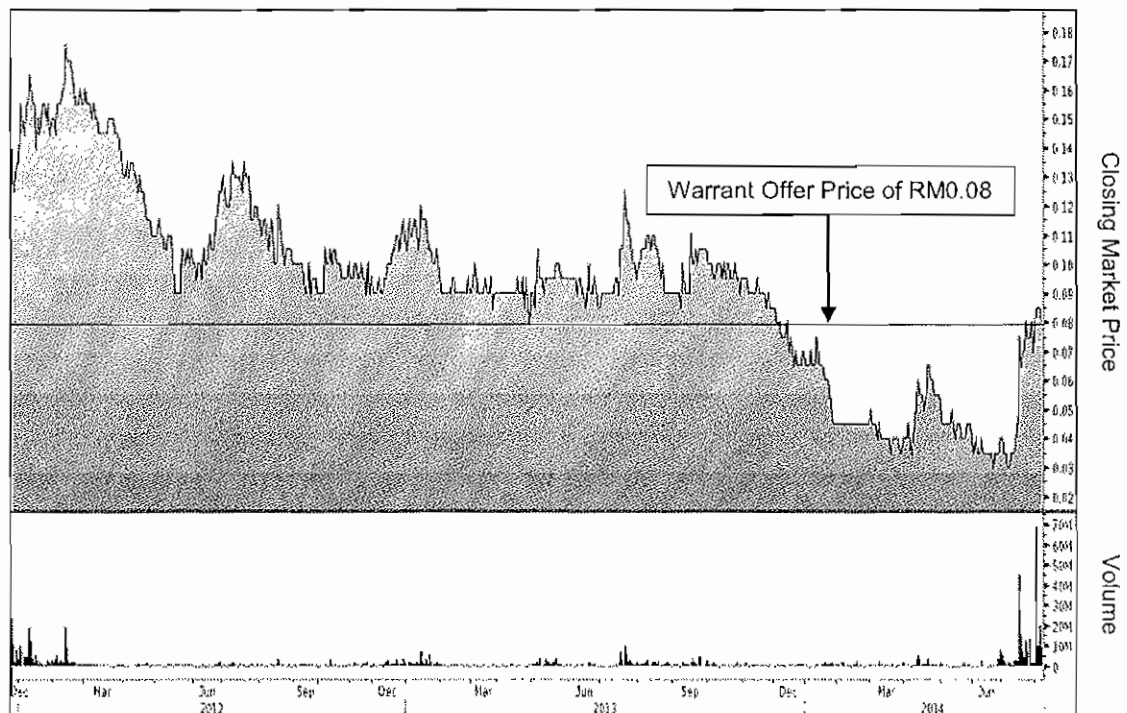
The holders of Warrants should also monitor the market prices of the Warrants and take into account the transaction costs involved before arriving at a decision on whether to accept or reject the Offer. If the market prices of the Warrants (net of transaction costs) are above the Warrant Offer Price, it would be beneficial to a holder of Warrants to consider to dispose of his/her Warrants in the open market rather than accepting the Offer at the Warrant Offer Price.

As at the LFTD, the Warrants are "in-the-money" as the closing market price of TMC Shares was RM0.465 per TMC Share, which is above the exercise price of the Warrants of RM0.40.

6.4 Historical Warrants price performance

6.4.1 Historical closing market price of Warrants from its issuance date up to the LFTD

The graph below sets out the historical closing market prices of Warrants from its issuance date, 22 December 2011, up to the LFTD:



(Source: Bloomberg)

Comments:

Based on the graph above, we note the following:

- the Warrant Offer Price has been generally **lower** than the closing market prices of Warrants from its issuance date, 22 December 2011, up to the LFTD; but
- since 1 January 2014 up to the LFTD, the Warrant Offer Price has been consistently **equal to or higher than** the closing market prices of Warrants except for three (3) Market Days, being 1 August 2014, 4 August 2014 and 5 August 2014.

We would like to highlight that the principal activities of TMC have remained unchanged from the issuance date of Warrants, 22 December 2011, up to the LPD, of which if otherwise, would have impacted Warrant price over the said period.

6.4.2 Warrant Offer Price in relation to the historical closing market prices / VWAPs

The Warrant Offer Price of RM0.08 per Offer Warrant is yielding the following premiums / (discounts) to closing market prices and VWAPs of Warrants:

	Closing market price or VWAP	Premium / (Discount) of the Warrant Offer Price over closing market price or VWAP	
	RM	RM	%
Up to the LFTD:			
Last traded market price	0.0800	-	-
Five (5)-day VWAP	0.0882	(0.0082)	(9.30)
One (1)-month VWAP	0.0778	0.0022	2.83
Three (3)-month VWAP	0.0729	0.0071	9.74
Six (6)-month VWAP	0.0693	0.0107	15.44
One (1)-year VWAP	0.0726	0.0074	10.19
Up to the LPD:			
Last traded market price	0.0750	0.0050	6.67
Five (5)-day VWAP	0.0819	(0.0019)	(2.32)

(Source: Bloomberg)

Comments:

Based on the table above, we note that the Warrant Offer Price represents the following:

- (i) a premium of 6.67% to the last traded price on the LPD;
- (ii) the last traded price on the LFTD;
- (iii) save for the five (5)-day VWAP of RM0.0882, a premium of between 2.83% and 15.44% over the one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAP of Warrants up to the LFTD; and
- (iv) a discount of 2.32% over the five (5)-day VWAP of Warrants up to the LPD.

It should also be noted that the historical closing market prices of Warrants had been trending upwards and trading closer to the Warrant Offer Price during the Offer Period. However, this may not be an indication of the future performance of the market prices of Warrants, which may be influenced by, amongst others, the performance and prospects of TMC Group, prevailing economic conditions, economic outlook, stock market conditions, sentiments and other general macroeconomic conditions as well as company-specific factors. There is also no assurance that the market price of Warrants will continue to trade at the current range if the Offer is not carried out or will remain at current levels after the Closing Date.

6.5 Our view on the fairness of the Offer Price

Share Offer Price

We have evaluated the fairness of the Share Offer Price in accordance with Paragraph 3.2 under Practice Note 15 of the Code. Based on our analysis as set out in Section 6.1 and 6.2 above, we are of the opinion that the Share Offer Price is **FAIR** in view that:

- (i) the Share Offer Price of RM0.48 is **higher** than and represents a premium of approximately 4.3% to 14.3% over the range of fair value per TMC Share derived using the SOPV method of RM0.42 to RM0.46;
- (ii) The implied EV/EBITDA multiple arising from our SOPV method ranges from 21.82 times to 23.98 times. In comparison, we noted that the Share Offer Price of RM0.48 implies a higher EV/EBITDA multiple of 25.40 times; and
- (iii) the Share Offer Price of RM0.480 can be considered to be at the **highest** of the historical closing market prices for the past three (3) years up to the LFTD as there is only one (1) Market Day (1 August 2014) on which the market price closed higher at RM0.485.

Notwithstanding the above, the holders of Offer Shares are reminded that trading market prices of TMC Shares are affected to a varying extent by changes in, *inter alia*, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the current trading market prices may not be reflective of the future market prices performance after the closing of the Offer. There can also be no assurance that the future market prices after the closing of the Offer will correspond to the current trading market prices of TMC Shares.

You are advised to closely monitor the market prices of TMC Shares and evaluate the Share Offer Price before deciding whether to accept or reject the Offer for your Offer Shares prior to the Closing Date. You may consider disposing your TMC Shares in the open market in the event that the TMC Shares trade higher than the Share Offer Price after taking into consideration the associated transaction costs involved.

Warrant Offer Price

We have evaluated the fairness of the Warrant Offer Price in accordance with Paragraph 3.2 under Practice Note 15 of the Code. Based on our analysis as set out in Sections 6.3 and 6.4 above, we are of the opinion that the Warrant Offer Price is **FAIR** in view that:

- (i) the Warrant Offer Price of RM0.08 is **higher** than and represents a premium of 5.26% over the fair value derived using the Trinomial option pricing model of RM0.076 per Warrant. The holders of Warrants should note that as the Warrant Offer Price is determined based on the difference between the Share Offer Price of RM0.48 and the exercise price of the Offer Warrant of RM0.40, there will not be any differences (other than associated transaction costs) between:
 - (a) accepting the Warrant Offer Price in respect of Warrants held; and
 - (b) accepting the Share Offer Price in respect of Offer Shares issued pursuant to the exercise of Warrants;
- (ii) since 1 January 2014 up to the LFTD, the Warrant Offer Price has been consistently **equal to or higher than** the closing market prices of Warrants except for three (3) Market Days, being 1 August 2014, 4 August 2014 and 5 August 2014; and
- (iii) the expiry date for Warrants is 22 December 2014, approximately 138 days from the LFTD, after which the Warrants **will lapse, cease to be valid and will become worthless**.

Notwithstanding the above, the holders of Warrants are reminded that trading market prices of Warrants are affected to a varying extent by changes in, *inter alia*, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the current trading market prices may not be reflective of the future market prices performance after the closing of the Offer. There can also be no assurance that the future market prices after the closing of the Offer will correspond to the current trading market prices of Warrants.

You are advised to closely monitor the market prices of Warrants and evaluate the Warrant Offer Price before deciding whether to accept or reject the Offer for your Offer Warrants prior to the Closing Date. You may consider disposing your Warrants in the open market in the event that Warrants trade higher than the Warrant Offer Price after taking into consideration the associated transaction costs involved.

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7. REASONABLENESS OF THE OFFER

7.1 Historical liquidity analysis of TMC Shares and Warrants

The monthly highest and lowest closing market prices and the trading volume of TMC Shares and Warrants for the past one (1) year up to July 2014 (being the last full trading month prior to the LFTD) are shown below:

(i) TMC Shares

Month	High (RM)	Low (RM)	Monthly volume traded (units)	Monthly volume traded as a % over free float [^]
<u>2014</u>				
July	0.455	0.410	44,977,600	13.84
June	0.415	0.385	10,324,200	3.18
May	0.400	0.385	6,740,200	2.07
April	0.420	0.375	19,483,400	6.00
March	0.385	0.370	5,893,500	1.81
February	0.385	0.370	8,398,900	2.58
January	0.385	0.370	8,669,800	2.67
<u>2013</u>				
December	0.385	0.375	8,567,500	2.64
November	0.420	0.380	7,386,500	2.27
October	0.420	0.405	6,569,500	2.02
September	0.415	0.380	19,122,100	5.88
August	0.440	0.375	19,560,800	6.02
Simple average			13,807,833	4.25

(Source: Bloomberg and announcements on Bursa Securities)

Note:

[^] Free float excludes TMC Shares held by Directors and substantial shareholders of TMC as at the LPD

Comments:

We wish to highlight to holders of the Offer Shares that there was a notable increase in the traded volume of TMC Shares in the month of July 2014 (being the last full trading month prior to the LFTD). Throughout this month, we note that there was a direct business transaction involving 39,866,666 TMC Shares among the Vendors, which has contributed to the trading volume of TMC Shares.

The average monthly trading volume-to-free float of TMC Shares for the past one (1) year up to July 2014 (being the last full trading month prior to the LFTD) was 4.25%. Excluding the said direct business transaction of 39,866,666 TMC Shares in July 2014, the average monthly trading volume-to-free float of TMC Shares for the past one (1) year up to July 2014 (being the last full trading month prior to the LFTD) was only 3.23%.

We wish to highlight that the above evaluation is based on the historical trading volume of TMC Shares as at the respective dates / periods and should not be relied upon as an indication of the future trading volume of TMC Shares. In addition, if SAS Malaysia accumulates a higher shareholding level as a result of acceptances received pursuant to the Offer, the liquidity of TMC Shares and the holders' ability to dispose of their TMC Shares in the open market may be further constrained.

(ii) Warrants

Month	High (RM)	Low (RM)	Monthly volume traded (units)	Monthly volume traded as a % over free float [^]
2014				
July	0.080	0.030	132,507,900	65.37
June	0.040	0.030	17,095,700	8.43
May	0.050	0.040	4,779,300	2.36
April	0.065	0.035	26,880,400	13.26
March	0.050	0.035	10,303,100	5.08
February	0.045	0.045	12,526,500	6.18
January	0.075	0.045	10,472,500	5.17
2013				
December	0.085	0.065	5,572,600	2.75
November	0.095	0.085	7,900,100	3.90
October	0.100	0.090	9,710,600	4.79
September	0.110	0.085	24,296,800	11.99
August	0.110	0.090	21,780,000	10.75
Simple average			13,756,145*	6.79*

(Source: Bloomberg and Record of Depositors)

Note:

[^] Free float excludes Warrants held by Directors and warrant holders of TMC holding 5% or more of the outstanding Warrants as at the LPD

* The simple averages are computed after excluding the trading volume in July 2014 which is considered as an outlier

Comments:

We wish to highlight to holders of the Warrants that there was a notable increase in the traded volume of Warrants in the month of July 2014 (being the last full trading month prior to the LFTD). Hence, we have excluded the trading volume in July 2014 in our analysis for liquidity of Warrants. Excluding the trading volume in July 2014, the average monthly trading volume-to-free float of Warrants for the past one (1) year up to July 2014 (being the last full trading month prior to the LFTD) was only 6.79%.

We wish to highlight that the above evaluation is based on the historical trading volume of Warrants as at the respective dates / periods and should not be relied upon as an indication of the future trading volume of Warrants. In addition, if SAS Malaysia accumulates a higher warrant holding level as a result of acceptances received pursuant to the Offer, the liquidity of Warrants and the holders' ability to dispose of their Warrants in the open market may be further constrained.

Pursuant to the above analysis, TMC Shares and Warrants are considered to be **relatively illiquid** and thus, Holders may have limited opportunities or may take significant time to realise their investment in TMC in the open market at the Offer Price even if they wanted to, especially if it entails the disposal of a large block of TMC Shares and/or Warrants. In light of the low liquidity of TMC Shares and Warrants, we are of the opinion that the Offer presents an opportunity for the Holders to realise their investment in cash at the Offer Price in an efficient and expeditious manner, especially for those holding a significant number of TMC Shares and/or Warrants.

7.2 Other considerations

In evaluating the Offer, we have also considered other factors as set out below:

7.2.1 Offeror's plans for TMC Group

(i) Listing status

The Offeror intends to maintain the listing status of TMC on the Main Market of Bursa Securities. In the event that the Offeror receives acceptances under the Offer resulting in the public shareholding spread of TMC being less than 25% or the Offeror and the PACs holding 90% or more of the listed shares of TMC, the Offeror will explore various options or proposals to rectify the public shareholding spread of TMC or to procure TMC to explore all possible options to rectify the public shareholding spread of TMC within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities to maintain the listing status of TMC on Bursa Securities. In such circumstances, the Offeror may endeavour to place out sufficient number of TMC Shares or procure TMC to carry out a corporate exercise to rectify the shortfall in the public shareholding spread of TMC. As at the Offer Document LPD, no arrangements on the above have been made. The actual course of action to be taken by the Offeror will depend on, among others, the circumstances as well as the prevailing market conditions at the relevant time. Such rectification of the shortfall in the public shareholding spread of TMC will be subject to the Offeror and the PACs retaining an equity interest of more than 50% in TMC.

Notwithstanding the above, we wish to highlight that pursuant to Paragraph 16.02(2) of the Listing Requirements, where the public shareholding spread of a listed issuer is 10% or less of its total listed shares (excluding treasury shares), Bursa Securities shall suspend trading of the securities of the listed issuer upon expiry of 30 Market Days from the date of immediate announcement by the listed issuer pursuant to:

- (a) Paragraph 8.02(3) of the Listing Requirements, the public shareholding spread is less than 25% of its total listed shares; or
- (b) a take-over offer, 90% or more of the listed shares (excluding treasury shares) are held by a shareholder or jointly with associates of the said shareholder.

The suspension will only be uplifted upon the listed issuer's full compliance with the public shareholding spread requirements under Paragraph 8.02(1) of the Listing Requirements (whereby at least 25% or more of the listed shares are in the hand of the public) or as may be determined by Bursa Securities.

We wish to highlight that the securities of the Company may be suspended from trading in the event the Offeror in aggregate with its PACs hold 75% or more of the listed shares of the Company as a result of acceptances pursuant to the Offer and/or is not able to secure the approval of Bursa Securities for extension of time to rectify the public shareholding spread.

(ii) Compulsory Acquisition and rights of shareholders

The Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any Offer Shares for which valid acceptances have not been received prior to the Closing Date.

We wish to highlight that should the Offeror receive valid acceptances of the Offer Shares from the Accepting Holders of the Offer Shares resulting in the Offeror and the PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of the Company prior to the Closing Date, a Dissenting Shareholder may exercise his/her rights under Section 223(1) of the CMSA by serving a notice on the Offeror to require the Offeror to acquire his/her Offer Shares on the same terms as set forth in the Offer Document or on such other terms as may be agreed by the Offeror and the Dissenting Shareholder concerned, subject to Section 224 of the CMSA.

Pursuant thereto, we wish to advise that if you have become entitled to and wish to exercise your rights under Section 223(1) of the CMSA, you should consult your legal adviser immediately.

(iii) Future plans for TMC Group and its employees

The Offeror intends to continue with the existing businesses of TMC Group and has no intention of liquidating the Group within twelve (12) months after the Closing Date. The Offeror may review the business and operations of the Group in order to remain competitive within the industry and improve TMC Group's prospects for future growth.

The Offeror has no plans or intention in respect of the following within twelve (12) months after the Closing Date:

- (a) to introduce or effect any major change in the structure of the Group;
- (b) to dispose or re-deploy the fixed assets of the Group; and
- (c) to undertake any employee separation or redundancy scheme with respect to the Group as a direct consequence of the Offer.

7.2.2 No competing offer

As at the LPD, the Board has not received any competing offer for the Offer Securities nor any other offer to acquire the assets and liabilities of TMC Group. The Board (save for the Interested Directors) does not intend to seek another person to undertake a take-over offer for the Offer Securities.

The Offer provides an opportunity to the Holders to realise their investment in TMC at the Offer Price.

7.2.3 Adjustment to Offer Price

As set out in Section 2.1 of the Offer Document, if TMC declares, makes or pays any dividend and/or other distribution on or after the date of the Notice but prior to the Closing Date and the holder of the Offer Shares is entitled to retain such dividend and/or distribution, the Share Offer Price shall be reduced by an amount equivalent to the net dividend and/or net distribution per TMC Share which such holder of the Offer Shares is entitled to. Any reduction in the Share Offer Price arising from such dividend and/or distribution will not result in a corresponding reduction in the Warrant Offer Price.

The Board had on 23 July 2014 proposed a single-tier final dividend of 3% for the FYE 31 May 2014, subject to the approval of TMC's shareholders at an AGM of which the notice of AGM will be despatched at a later date. The forthcoming AGM which is expected to be held by November 2014 is to seek, amongst others, the approval of shareholders for the proposed dividend. In view that the entitlement date of the final dividend will therefore be after the Closing Date, there shall be no implication to the Share Offer Price.

8. FURTHER INFORMATION

The Holders are advised to refer to the views and recommendation of the Non-Interested Directors as set out in Part A of this IAC as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

9. CONCLUSION AND RECOMMENDATION

You should consider carefully the terms and conditions of the Offer based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information.

In arriving at our conclusion and recommendation, we have considered the fairness and reasonableness of the Offer based on all relevant and pertinent factors including those which are set out above and summarised below are the pertinent factors which you should consider carefully prior to making a decision whether to accept or reject the Offer in respect of:

	Offer Shares	Offer Warrants
Fairness	<p>We view the Offer as fair for the following reasons:</p> <ul style="list-style-type: none"> • The Share Offer Price of RM0.48 is higher than and represents a premium of approximately 4.3% to 14.3% over the range of fair value per TMC Share derived using the SOPV method of RM0.42 to RM0.46; • The implied EV/EBITDA multiple arising from our SOPV method ranges from 21.82 times to 23.98 times. In comparison, we noted that the Share Offer Price of RM0.48 implies a higher EV/EBITDA multiple of 25.40 times; and • The Share Offer Price of RM0.480 can be considered to be at the highest of the historical closing market prices for the past three (3) years up to the LFTD as there is only one (1) Market Day (1 August 2014) on which the market price closed higher at RM0.485. 	<p>We view the Offer as fair for the following reasons:</p> <ul style="list-style-type: none"> • The Warrant Offer Price of RM0.08 is higher than and represents a premium of 5.26% over the fair value derived using the Trinomial option pricing model of RM0.076 per Warrant; • Since 1 January 2014 up to the LFTD, the Warrant Offer Price has been consistently equal to or higher than the closing market prices of Warrants except for three (3) Market Days, being 1 August 2014, 4 August 2014 and 5 August 2014; and • The expiry date for Warrants is 22 December 2014, approximately 138 days from the LFTD, after which the Warrants will lapse, cease to be valid and will become worthless.

	Both Offer Shares and Offer Warrants
Reasonableness	<p>Other than the Offer Price which we view as fair, we view the Offer as <u>reasonable</u> for the following reasons:</p> <ul style="list-style-type: none"> • The Offer represents an avenue for the Holders, especially for those holding a significant number of TMC Shares and/or Warrants to realise their investment in cash at the Offer Price in view of the relatively illiquid trading volume of TMC Shares and Warrants; • Without the Offer, the Holders may not be able to realise or may take significant time to dispose of their investment at the Offer Price in the open market; and • As at the LPD, the Board has not received any competing offer for the Offer Securities nor any other offer to acquire the assets and liabilities of TMC Group.

Premised on the above, Mercury Securities views that the Offer in relation to both the Offer Shares and Offer Warrants is **FAIR** and **REASONABLE**. Accordingly, we recommend that the Holders **ACCEPT** the Offer.

However, the decision to be made would rest on the individual risk appetite and specific requirements of the Holder. Holders should also be mindful that there may be continuous fluctuations in the market prices of TMC Shares and Warrants prior to the Closing Date. As such, the Holders are advised to closely monitor the market prices and information / announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Securities.

The advice of Mercury Securities as contained in this IAC is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation, risk profile and particular needs of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, financial situation, risk profile and particular needs should consult their respective stockbroker, solicitor, accountant, banker or other professional advisers immediately.

Yours faithfully,
for and on behalf of
MERCURY SECURITIES SDN BHD

CHEW SING GUAN
Managing Director

DENIS LIM
Director / Head of Corporate Finance

INFORMATION ON TMC

1. HISTORY AND PRINCIPAL ACTIVITIES

TMC was incorporated in Malaysia under the Act on 8 August 2003 as a private limited company under the name TMC Life Sciences Sdn Bhd. It was converted into a public limited company on 9 December 2003 and assumed its present name. TMC was listed on the then MESDAQ Market of the then Kuala Lumpur Stock Exchange (now known as the ACE Market of Bursa Securities) on 6 October 2005. TMC was subsequently transferred to the Main Board of Bursa Securities (now known as the Main Market of Bursa Securities) on 15 December 2008.

The principal activity of TMC is that of investment holding while its subsidiaries are principally involved in the operating of a private general hospital and clinics offering fertility treatment. Further information on TMC's subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The authorised, and issued and paid-up share capital of TMC as at the LPD are as follows:

	No. of TMC Shares	Par Value RM	Amount RM
Authorised share capital	2,000,000,000	0.10	200,000,000.00
Issued and paid-up share capital	802,374,668	0.10	80,237,466.80

The issued and outstanding Warrants as at the LPD are as follows:

	No. of Warrants
Issued	401,186,500
Outstanding	401,184,832

3. SUBSTANTIAL SHAREHOLDERS AND WARRANT HOLDERS

The shareholders of TMC holding 5% or more of the issued and paid-up share capital and their respective shareholdings in TMC based on the Register of Substantial Shareholders as at the LPD are as follows:

Name	Direct		Indirect	
	No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾
SAS Malaysia	475,309,548	59.24	-	-
SAS	-	-	475,309,548 ⁽²⁾	59.24
Mr. Lim	-	-	475,309,548 ⁽³⁾	59.24

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 6A of the Act

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 6A of the Act

INFORMATION ON TMC (CONT'D)

The Warrant holders of TMC holding 5% or more of the outstanding Warrants and their respective Warrant holdings based on the Record of Depositors as at the LPD are as follows:

Name	Direct		Indirect	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
SAS Malaysia	130,735,332	32.59	-	-
SAS	-	-	130,735,332 ⁽²⁾	32.59
Mr. Lim	-	-	130,735,332 ⁽³⁾	32.59
Juara Sejati Sdn Bhd	40,367,866	10.06	n/a ⁽⁴⁾	n/a ⁽⁴⁾
HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	26,438,900	6.59	n/a ⁽⁴⁾	n/a ⁽⁴⁾

Notes:

- (1) Computed based on 401,184,832 outstanding Warrants as at the LPD
(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 4 of the CMSA
(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 4 of the CMSA
(4) Not available

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INFORMATION ON TMC (CONT'D)

4. DIRECTORS

The Directors of TMC and their respective holdings of TMC Shares and Warrants based on the Register of Directors' Shareholdings and Register of Directors' Warrant Holdings as at the LPD are as follows:

Name	TMC Shares		Warrants	
	Direct No. of TMC Shares	Indirect No. of TMC Shares	Direct No. of Warrants	Indirect No. of Warrants
	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	943,700	1,058,332 ⁽²⁾	386,400	516,664 ⁽²⁾
Dr. Wong Chiang Yin	-	-	-	-
Dato' Dr. Tan Kee Kwong	-	-	-	-
Dr. Chan Boon Kheng	-	-	-	-
Freddie Pang Hock Cheng	89,550	-	46,400	-
Gary Ho Kuat Foong	-	-	-	-
Claire Lee Suk Leng	-	-	-	-
	0.12	0.13	0.10	0.13
			0.01	

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares and 401,184,832 outstanding Warrants respectively as at the LPD

(2) Deemed interested by virtue of his spouse's and children's interests pursuant to Section 134 of the Act

INFORMATION ON TMC (CONT'D)

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of the subsidiaries of TMC as at the LPD are as follows:

Name	Country of incorporation	TMC's effective equity interest %	Principal activities
<u>Subsidiaries of TMC</u>			
Tropicana Medical Centre (M) Sdn Bhd	Malaysia	100	Multi disciplinary tertiary care services
IVF Technologies Sdn Bhd	Malaysia	100	Provision of fertility services and operation of women's clinic
TMC Biotech Sdn Bhd	Malaysia	100	Provision of consultancy, laboratory & embryology services and research and development
TMC Lifestyle Sdn Bhd	Malaysia	100	Development, marketing and management of healthcare programs
TMC Properties Sdn Bhd	Malaysia	100	Property investment
TMC Women's Specialist (Kuantan) Sdn Bhd	Malaysia	100	Dormant
<u>Subsidiaries of Tropicana Medical Centre (M) Sdn Bhd</u>			
TMC Women's Specialist Holdings Sdn Bhd	Malaysia	100	Gynaecological and fertility problem management
PT Tropicana Healthcare Indonesia	Indonesia	65	Marketing and promoting of healthcare products

As at the LPD, TMC does not have any associated company.

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INFORMATION ON TMC (CONT'D)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of TMC Group based on the audited consolidated financial statements of TMC Group for the FYE 31 December 2009, 17-month FPE 31 May 2011, FYE 31 May 2012 and FYE 31 May 2013 as well as the latest unaudited consolidated financial statements for the FYE 31 May 2014 are as follows:

	Audited				Unaudited	
	FYE 31 December 2009 (RM'000)	17-month FPE 31 May 2011 (RM'000)	FYE 31 May 2012 (RM'000)	FYE 31 May 2013 (RM'000)	FYE 31 May 2014 (RM'000)	
Continuing operations						
Revenue	47,206	80,595	59,206	72,221	88,132	
Gross profit	23,233	52,439	37,949	46,223	56,710	
(LBT)/PBT	(8,798)	(35,578)	(3,494)	2,103	6,740	
Income tax income / (expense)	52	450	(494)	74	(283)	
(LAT)/PAT from continuing operations	(8,746)	(35,128)	(3,988)	2,177	6,457	
(LAT)/PAT from discontinued operations	-	-	(2,432)	8,904	-	
(LAT)/PAT for the FYE / FPE	(8,746)	(35,128)	(6,420)	11,081	6,457	
Number of issued and paid-up TMC Shares ('000)	601,780	601,780	802,373	802,373	802,373	
(LPS)/EPS (sen):						
(i) <u>Continuing operations</u>						
- Basic	(1.47)	(5.82)	(0.58)	0.27	0.80	
- Diluted	-	-	-	0.18	0.54	
(ii) <u>Discontinued operations</u>						
- Basic	-	-	(0.35)	1.11	-	
- Diluted	-	-	-	0.74	-	
Dividend per share [^] (sen)	0.30	-	-	0.30	0.30	

(Source: Annual reports of TMC and announcement on Bursa Securities)

Note:

[^] Based on dividend declared and in respect of the respective FYE

INFORMATION ON TMC (CONT'D)FYE 31 December 2009

The Group recorded revenue of RM47.2 million for the FYE 31 December 2009, which represents an increase of RM8.4 million or approximately 21.6% as compared to revenue of RM38.8 million recorded for the FYE 31 December 2008. The increase was mainly attributable to the Group's resilient business namely, fertility treatment services segment (largest revenue contributor at 59%) as well as its newest addition, the flagship tertiary hospital TMCKD which accounted for a significant 38% of the Group's revenue in its 1st full year of operations. However, the Group recorded LBT of RM8.8 million for the FYE 31 December 2009 as compared to PBT of RM4.0 million recorded for the FYE 31 December 2008, mainly due to the recognition of full year's hospital related depreciation and amortisation for new hospital building and major medical equipment and operating expenses. Accordingly, its LPS for the FYE 31 December 2009 was 1.47 sen as compared to EPS of 0.69 sen for the FYE 31 December 2008.

17-month FPE 31 May 2011

The Group recorded revenue of RM80.6 million for the 17-month FPE 31 May 2011. On a pro-rated basis, this represents an increase of RM9.7 million or approximately 20.5% as compared to revenue of RM47.2 million recorded for the FYE 31 December 2009. The increase was mainly attributable to its flagship tertiary care hospital TMCKD which contributed 83.8% of the revenue overtaking its fertility treatment services which contributed 10.7%. However, the Group recorded a higher LBT of RM35.6 million for the 17-month FPE 31 May 2011 as compared to RM8.8 million recorded for the FYE 31 December 2009 due to impairment losses on receivables of RM4.7 million arising mainly from long outstanding receivables from patients and health screening programme subscribers where the chances of collection were doubtful and the impairment losses were provided in accordance with the Group's credit risk management policies. In addition, there were property, plant and equipment write-off of RM1.1 million, intangible assets write-off of RM12.0 million and impairment on goodwill on consolidation of RM5.4 million and other investments of RM0.3 million. Accordingly, its LPS increased to 5.82 sen for the 17-month FPE 31 May 2011 from LPS of 1.47 sen for the FYE 31 December 2009.

FYE 31 May 2012

The Group recorded revenue of RM62.0 million (inclusive of RM2.8 million from assets classified under the discontinued operations) for the FYE 31 May 2012, which represents an increase of RM5.1 million or approximately 8.9% as compared to revenue of RM56.9 million (on a pro-rated basis) recorded for the FYE 31 May 2011. The increase was mainly attributable to TMCKD's established foot-print of satellite fertility centre and TMC Group gaining popularity in the space of medical tourism. The launching of "Dragon Baby" promotion at various fertility clinics in the third and fourth quarters of the financial year had also attracted many In Vitro Fertilisation ("IVF") patients trying to have a "dragon baby". The LBT for the FYE 31 May 2012 is RM6.0 million, substantially lower than the LBT of RM35.6 million for the 17-month FPE 31 May 2011 where the Group impaired and wrote-off its intangible and other assets during that period. The loss in the FYE 31 May 2012 was mainly attributable to high depreciation in relation to the earnings, which is quite common for a hospital set-up in its initial years of operation as a result of high capital expenditure incurred in hospital properties and medical equipment. Accordingly, its LPS reduced to 0.93 sen for the FYE 31 May 2012 from LPS of 5.82 sen for the 17-month FPE 31 May 2011.

FYE 31 May 2013

During the financial year, in line with the Group's objective to divest investments which yield negative return to the Group and re-deploy resources for more productive purposes, the Group had disposed of its entire equity interest in Stemtech International Sdn Bhd and Tropicana Medical Centre (Penang) Sdn Bhd ("TMCPG") together with the properties occupied by TMCPG to operate its hospital. As a result of the disposal, these assets classified under the discontinued operations have contributed a net gain on disposal of approximately RM8.9 million to the PAT of the Group.

INFORMATION ON TMC (CONT'D)

For continuing operations, the Group recorded revenue of RM72.2 million for the FYE 31 May 2013, which represents an increase of RM10.2 million or approximately 16.5% as compared to revenue of RM59.2 million recorded for the FYE 31 May 2012. The increase was mainly attributable to the increased bed capacity and more variety of services offered as a result of successful recruitment of consultants from various disciplines as well as continuing marketing activities. The higher revenue coupled with lower finance cost from full year impact of repayment of RM39.0 million bank borrowings using the rights issue proceeds in end December 2011, had resulted in a PAT of RM11.1 million (inclusive of net gain resulting from the discontinued operations of RM8.9 million). Accordingly, in the FYE 31 May 2013, the Group had generated a basic and diluted EPS of 1.38 sen and 0.92 sen respectively as compared to a basic LPS of 0.93 sen for the FYE 31 May 2012.

FYE 31 May 2014

The Group recorded revenue of RM88.1 million for the FYE 31 May 2014, which represents a growth of RM15.9 million or 22.0% in revenue as compared to revenue of RM72.2 million for the FYE 31 May 2013. The growth was contributed by higher patient load arising from additional bed capacity and more variety of disciplines offered coupled with continuing marketing activities. The Group recorded a higher PAT at RM6.5 million for the FYE 31 May 2014 as compared to PAT of RM2.2 million (from continuing operations) for the FYE 31 May 2013, mainly attributable to higher revenue achieved but this is offset by higher operating expenses to retain and recruit experienced healthcare professionals to manage the expanded capacity. Accordingly, in the FYE 31 May 2014, the Group generated a higher basic / diluted EPS of 0.80 sen and 0.54 sen respectively as compared to a basic and diluted EPS from continuing operations for the FYE 31 May 2013 of 0.27 sen and 0.18 sen respectively.

7. Overview and prospects of the Malaysian Economy, the Malaysian healthcare sector and TMC Group

7.1 Overview and prospects of the Malaysian Economy

Global economic activity continued to expand at a moderate pace in the second quarter. The recovery in the United States resumed after an unusual weather-related weakness in the first quarter. Growth in Japan was, however, affected by the implementation of the increase in the consumption tax in April. In Asia, economic activity continued to expand, albeit at a more moderate pace in most economies.

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of the year, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2014, Bank Negara Malaysia)

7.2 Overview and prospects of the Malaysian healthcare sector

The Government will continue to provide quality healthcare and medical services for the rakyat. For this, a sum of RM22.1 billion will be allocated for the health sector under operating and development expenditure. The allocation will be channelled to programmes and projects, including the construction of Hospital Tanjung Karang and additional blocks for Hospital Jeli; as well as the upgrading of Hospital Kuala Lipis and 30 rural clinics.

In addition, the Government will allocate RM66 million for the purchase of equipment and the construction of additional blocks in Hospital Queen Elizabeth in Kota Kinabalu. The Government has set up 234 1Malaysia clinics, and another 50 additional 1Malaysia clinics will be established in 2014. Meanwhile, hospitals in Rompin and Tampin as well as National Cancer Institute will be operational early next year.

To improve the quality of nursing care and reduce the nurses' workload of working continuously in two shifts, the Government will appoint 6,800 more nurses with an allocation of RM150 million. Apart from this, a total of RM3.3 billion will be allocated for the purchase of medicine and medical equipment to ensure patients receive appropriate treatment including expanding the cardiothoracic services in Hospital Ipoh, Kuala Terengganu, Kuantan and Kuching.

On the implementation of the proposed Goods and Services Tax ("GST") model, GST will not be imposed on health services.

(Source: The 2014 Budget, Ministry of Finance Malaysia, 25 October 2013)

Malaysia's healthcare industry has recorded strong growth over the last decade, driven primarily by local consumption of healthcare products and services. The potential of this sector to generate significant contribution to Malaysia's economy in the year 2020 is the reason led to healthcare being selected as one of the twelve (12) National Key Economic Areas ("NKEA") highlighted under Malaysia's Economic Transformation Programme to focus the economic growth towards a high-income nation. The NKEA, championed by the Ministry of Health, seeks to grow the healthcare industry and encourages collaboration between healthcare providers in the public and private sectors.

(Source: Healthcare NKEA 2013 Achievements & New Projects Announcement, Minister of Health Malaysia, 26 June 2014)

INFORMATION ON TMC (CONT'D)

The healthcare sector has seen robust growth over the past decade and this sector has one of the highest multipliers in the economy in Malaysia. Changing demographics, a more affluent society and more health-conscious lifestyles have led to the creation of a robust domestic industry. While the local industry has been dominated by the public healthcare sector, over the past decade, there has been tremendous growth of private healthcare services.

Collectively, 40 healthcare projects announced under Healthcare NKEA are projected to create 26,966 jobs and generate an income of RM6.59 billion, as well as RM4.96 billion in new investments by 2020.

Some of the entry point projects include:

- Mandating Private Insurance for Foreign Workers
- Creating Supportive Ecosystem to Grow Clinical Research
- Reinvigorating Healthcare Travel

(Source: <http://etp.pemandu.gov.my/Healthcare-@-Healthcare.aspx>)

Recently ranked no. 3 worldwide for its healthcare system by International Living in its 2014 Global Retirement Index, Malaysia is now well-known and is a much sought after destination for medical tourism in the world. This is seen from the overall increase of medical tourists coming to Malaysia from 583,000 in 2011, 671,000 in 2012 to 768,000 in 2013.

(Source: *Malaysian Now a Popular Medical Travel Destination for the GCC Countries*, Malaysia Healthcare Travel Council, 14 April 2014)

7.3 Prospects of TMC Group

The Board is cautiously optimistic that the Group's revenue base will continue to increase in the next twelve (12) months. In terms of capacity expansion, it plans to convert the hospital administration floor at Level 7 into wards housing approximately 50 to 60 beds, of which the renovation is expected to be the biggest capex component for the FYE 31 May 2015 and therefore increasing the number of beds at its hospital to approximately 190 to 200 by the end of the FYE 31 May 2016.

There is also potential to grow its fertility business as it is not too expensive to replicate and it does not need such a huge capital expenditure commitment as compared to a hospital start-up. Based on the unaudited consolidated financial statements of TMC for the FYE 31 May 2014, the Group has cash and cash equivalents of RM32.6 million and total borrowings of only RM2.1 million. Hence, the management does not anticipate any financing restrictions or limitations on the Group's Level 7 expansion plan.

Apart from the planned increase in bed capacity and potentially growing its fertility business, the Group will continue its recruitment drive of consultants from various disciplines and support personnel at the flagship hospital as well as its ongoing promotional activities of the hospital's advanced facilities and services.

TMC Group will continue to grow organically and currently does not have any plans for acquisition of another hospital in the near term, given that it only occupies approximately a third of the Group's six (6)-acre land at the present hospital site.

The Board is optimistic that the Group will continue to grow in view of their continuous initiatives as well as the favourable industry outlook.

(Source: *Management of TMC*)

INFORMATION ON TMC (CONT'D)

8. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of TMC Group based on the audited consolidated statements of financial position of TMC as at 31 May 2012 and 31 May 2013 are as follows:

	31 May 2012 (RM'000)	31 May 2013 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	123,278	110,538
Total non-current assets	123,278	110,538
Current assets		
Inventories	2,778	3,641
Trade and other receivables	11,673	14,859
Current tax assets	1,760	1,550
Cash and cash equivalents	14,303	25,894
Total current assets	30,514	45,944
TOTAL ASSETS	153,792	156,482
EQUITY AND LIABILITIES		
Equity attributable to the owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(21,300)	(10,219)
Reserves	61,252	61,293
TOTAL EQUITY	120,189	131,311
LIABILITIES		
Non-current liabilities		
Borrowings	7,401	2,045
Deferred tax liabilities	2,968	2,882
Trade and other payables	2,908	-
Total non-current liabilities	13,277	4,927
Current liabilities		
Trade and other payables	20,088	20,156
Borrowings	231	79
Current tax liabilities	7	9
Total current liabilities	20,326	20,244
TOTAL LIABILITIES	33,603	25,171
TOTAL EQUITY AND LIABILITIES	153,792	156,482

INFORMATION ON SAS MALAYSIA

(The information in this Appendix has been extracted from Appendix IV of the Offer Document. Unless otherwise stated, all terms and abbreviations used are as defined in the Offer Document.)

1. HISTORY AND PRINCIPAL ACTIVITIES

SAS Malaysia was incorporated in Singapore on 21 July 2014 as a private limited company with its principal activity being an investment holding company.

SAS Malaysia is not listed on any stock exchange.

2. SHARE CAPITAL

As at the Offer Document LPD, SAS Malaysia has an issued and paid-up share capital of Singapore Dollar 10,000 comprising 10,000 ordinary shares.

3. SUBSTANTIAL SHAREHOLDERS

The shareholders of SAS Malaysia holding 5% or more of the issued and paid-up share capital and their respective shareholdings in SAS Malaysia as at the Offer Document LPD are as follows:

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
SAS	10,000	100	-	-
Mr. Lim	-	-	10,000 ⁽¹⁾	100

Note:

(1) Deemed interested by virtue of his shareholding in SAS pursuant to Section 6A of the Act

4. DIRECTOR

Madam Chan Lay Hoon, a Singaporean, is the sole director of SAS Malaysia as at the Offer Document LPD. She does not hold any shares in SAS Malaysia as at the Offer Document LPD.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the Offer Document LPD, SAS Malaysia does not have any subsidiary and has one (1) associated company, being TMC.

6. PROFIT AND DIVIDEND RECORD

As SAS Malaysia was incorporated on 21 July 2014, SAS Malaysia does not have any audited financial statements.

7. STATEMENT OF ASSETS AND LIABILITIES

As SAS Malaysia was incorporated on 21 July 2014, SAS Malaysia does not have any audited financial statements.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAC and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAC false or misleading.

The responsibility of the Board in respect of:

- (i) the information relating to the Offeror, the PACs and the Offer (as extracted from the Offer Document) is to ensure that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by Mercury Securities in relation to the Offer as set out in Part B of this IAC, is to ensure that accurate information in relation to TMC Group was provided to Mercury Securities for its evaluation of the Offer and to ensure that all information in relation to the Group that is relevant to Mercury Securities' evaluation of the Offer have been completely disclosed to Mercury Securities and that there is no material fact, the omission of which would make any information provided to Mercury Securities false or misleading.

2. CONSENTS

Mercury Securities and Maybank IB have given and have not subsequently withdrawn their written consent to the inclusion of their names and all references in the form and context in which they appear in this IAC.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES**3.1 By TMC****(i) Disclosure of interests in the Offeror**

TMC does not have any interest, whether direct or indirect, in any voting shares, voting rights or convertible securities in SAS Malaysia as at the LPD.

(ii) Dealing in the securities of the Offeror

TMC has not dealt, directly or indirectly, in any voting shares, voting rights or convertible securities of SAS Malaysia since its incorporation on 21 July 2014 up to the LPD.

(iii) Dealing in TMC Shares and Warrants

TMC has not dealt, directly or indirectly, in TMC Shares and Warrants during the period commencing six (6) months before the date of the Notice and ending on the LPD.

FURTHER INFORMATION (CONT'D)

3.2 By the Directors of TMC

(i) Disclosure of interests in the Offeror

The Directors of TMC do not have any interest, whether direct or indirect, in any voting shares, voting rights or convertible securities in SAS Malaysia as at the LPD.

(ii) Dealing in securities of the Offeror

The Directors of TMC has not dealt, directly or indirectly, in any voting shares, voting rights or convertible securities of SAS Malaysia since its incorporation on 21 July 2014 up to the LPD.

(iii) Disclosure of interests in TMC

As at the LPD, save as disclosed below, the Directors of TMC does not have any other interest, whether direct or indirect, in any voting shares, voting rights or convertible securities of TMC.

Name	TMC Shares				Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	943,700	0.12	1,058,332 ⁽²⁾	0.13	386,400	0.10	516,664 ⁽²⁾	0.13
Freddie Pang Hock Cheng	89,550	0.01	-	-	46,400	0.01	-	-

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares and 401,184,832 outstanding Warrants respectively as at the LPD

(2) Deemed interested by virtue of his spouse's and children's interests pursuant to Section 134 of the Act

(iv) Dealing in TMC Shares and Warrants

Save for the disposal of 10,000 TMC Shares at RM0.395 on 29 April 2014 by the son of Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, the Directors of TMC have not dealt, directly or indirectly, in TMC Shares and Warrants during the period commencing six (6) months before the date of the Notice and ending on the LPD.

FURTHER INFORMATION (CONT'D)

3.3 By the Offeror and the PACs (as extracted from Appendix VI of the Offer Document and Record of Depositors)

(i) Disclosure of interests in TMC

Save as disclosed below, the Offeror and the PACs do not have any other interest, direct or indirect, in TMC as at the LPD:

TMC Shares

Name	Direct		Indirect	
	No. of TMC Shares	% ⁽¹⁾	No. of TMC Shares	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	475,309,548	59.24	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	475,309,548 ⁽²⁾	59.24
Mr. Lim	-	-	475,309,548 ⁽³⁾	59.24

Notes:

(1) Computed based on 802,374,668 issued and paid-up TMC Shares as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 6A of the Act

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 6A of the Act

Warrants

Name	Direct		Indirect	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
<u>Offeror</u>				
SAS Malaysia	130,735,332	32.59	-	-
<u>PACs</u>				
GIL	-	-	-	-
SAS	-	-	130,735,332 ⁽²⁾	32.59
Mr. Lim	-	-	130,735,332 ⁽³⁾	32.59

Notes:

(1) Computed based on 401,184,832 outstanding Warrants as at the LPD

(2) Deemed interested by virtue of its shareholding in SAS Malaysia pursuant to Section 4 of the CMSA

(3) Deemed interested by virtue of his shareholding in SAS pursuant to Section 4 of the CMSA

(ii) Dealing in TMC Shares and Warrants

Save for the Acquisition, the Offeror and the PACs have not dealt in TMC Shares and Warrants during the period commencing six (6) months before the date of the Notice and ending on the Offer Document LPD.

(iii) Dealing in the securities of the Offeror

The Offeror has not purchased its own voting shares since its incorporation on 21 July 2014 up to the Offer Document LPD.

FURTHER INFORMATION (CONT'D)**3.4 By the directors of the Offeror (as extracted from Appendix VI of the Offer Document)****(i) Disclosure of interests in TMC**

The director of the Offeror does not have any interest, direct or indirect, in TMC Shares and Warrants as at the Offer Document LPD.

(ii) Dealing in TMC Shares and Warrants

Save for the Acquisition, the director of the Offeror has not dealt, directly or indirectly, in TMC Shares and Warrants during the period commencing six (6) months before the date of the Notice and ending on the Offer Document LPD.

3.5 By persons who have irrevocably committed to accept the Offer (as extracted from Appendix VI of the Offer Document and announcement on 29 August 2014)

As at the Offer Document LPD, the Offeror has obtained an irrevocable undertaking from GIL to accept the Offer in respect of all its Offer Securities at the Offer Price. On 28 August 2014, GIL had accepted the Offer in respect of all its 261,466,666 TMC Shares and 130,733,332 Warrants.

4. CONFLICT OF INTEREST (as extracted from Appendix VI of the Offer Document and announcement on 29 August 2014)

Save as disclosed below, pursuant to Paragraph 1.2 under Practice Note 12 of the Code, there is no other deemed conflict of interest situation:

- | | |
|---|--------------------|
| (i) a person is a common director of the Offeror and TMC; | None |
| (ii) a director of TMC has more than 20% voting shares or voting rights in the Offeror, or a director of the Offeror has more than 20% voting shares or voting rights in TMC, held either directly or indirectly; | None |
| (iii) there is a cross-holding of more than 20% of the voting shares or voting rights between the Offeror and TMC; and | None |
| (iv) a person holds more than 20% voting shares or voting rights in both the Offeror and TMC | Yes ⁽¹⁾ |

Note:

- (1) As at the Offer Document LPD, Mr. Lim owns 100% of the issued and paid-up share capital in SAS Malaysia through his shareholdings in SAS. As at the LPD, Mr. Lim has approximately 59.24% deemed interest in TMC Shares and approximately 32.59% deemed interest in Warrants through his interest in SAS.

5. OTHER DISCLOSURES**5.1 TMC**

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir by virtue of him being the person in charge / holder of the certificate of registration for TMCKD pursuant to the requirements of Private Healthcare Facilities and Services (Private Hospitals and Other Private Healthcare Facilities) Regulations 2006 (issued under the Private Healthcare Facilities and Services Act 1998), is therefore designated as a non-independent non-executive Chairman. However, he is a non-interested Director in relation to the Offer.

FURTHER INFORMATION (CONT'D)**5.2 By the Offeror and the PACs (as extracted from Appendix VI of the Offer Document)**

- (i) As at the Offer Document LPD, there is no on-going negotiation which exists between the Offeror, the Ultimate Offeror or the PACs, and any person with respect to TMC Shares and Warrants.
- (ii) As at the Offer Document LPD, there is no other agreement, arrangement or understanding that exists between the Offeror / the PACs and any of the directors or past directors of TMC (*being such person who was, during the period of six (6) months prior to the beginning of the Offer Period, a Director of TMC*), or any of the shareholders or past shareholders (*being such person who was, during the period of six (6) months prior to the beginning of the Offer Period, a shareholder of TMC*), having any connection with or dependence upon the Offer.
- (iii) As at the Offer Document LPD, there is no agreement, arrangement or understanding entered into by the Offeror and the PACs whereby any Offer Securities acquired pursuant to the Offer will be transferred to any other person(s) within a foreseeable period from the date of the Offer Document.
- (iv) All the Offer Securities validly accepted under the Offer will be registered in the name of the Offeror or its appointed nominee(s), if any.

6. MATERIAL CONTRACTS**6.1 TMC**

TMC Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the LPD.

6.2 SAS Malaysia (as extracted from Appendix VI of the Offer Document)

SAS Malaysia has not entered into any material contract (not being contracts entered into in the ordinary course of business) since its incorporation on 21 July 2014 up to the Offer Document LPD.

7. MATERIAL LITIGATION**7.1 TMC**

As at the LPD, TMC Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of TMC Group, and the Board is not aware of any proceeding, pending or threatened, against TMC Group or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of TMC Group.

7.2 SAS Malaysia (as extracted from Appendix VI of the Offer Document)

As at the Offer Document LPD, SAS Malaysia is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of SAS Malaysia, and the director of SAS Malaysia is not aware of any proceeding, pending or threatened, against SAS Malaysia or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of SAS Malaysia.

FURTHER INFORMATION (CONT'D)

8. MATERIAL CAPITAL COMMITMENTS

As at the LPD, save as disclosed below, the Board is not aware of any other material commitments of TMC Group.

Capital Commitment	Amount (RM'000)
Capital expenditure in respect of purchase of property, plant and equipment:	
- Authorised and contracted	5,096
- Authorised but not contracted	9,481
	14,577

9. FINANCIAL RESOURCES OF THE OFFEROR

Section 4 of the Offer Document confirms the following in relation to the sufficiency of SAS Malaysia's financial resources to satisfy acceptances of the Offer:

"The Offeror has confirmed and Maybank IB is satisfied that the Offer would not fail due to insufficient financial capability of the Offeror and that every Holder who wishes to accept the Offer will be paid in full by way of cash."

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this IAC up to and including the Closing Date, at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan:

- (a) Memorandum and Articles of Association of TMC;
- (b) the Deed Poll for the Warrants;
- (c) the audited consolidated financial statements of TMC Group for the FYE 31 December 2009, 17-month FPE 31 May 2011, FYE 31 May 2012 and FYE 31 May 2013 as well as the latest unaudited consolidated financial statements for the FYE 31 May 2014;
- (d) a copy of the Notice dated 7 August 2014; and
- (e) the letters of consent referred to in Section 2 of this Appendix.