

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

- (i) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 200,593,250 NEW ORDINARY SHARES OF RM0.10 EACH (“RIGHTS SHARES”) IN TMC LIFE SCIENCES BERHAD (“COMPANY”) TOGETHER WITH 401,186,500 FREE NEW DETACHABLE WARRANTS (“WARRANTS”) AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH TWO (2) FREE WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD IN THE COMPANY AT AN ENTITLEMENT DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS OF THE COMPANY AND ANNOUNCED BY THE COMPANY LATER; AND**
- (ii) **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL**

PART B

PROPOSED APPOINTMENT OF AUDITORS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part A

INTER-PACIFIC
SECURITIES SDN. BHD.
(12738-U)

A Participating Organisation of Bursa Malaysia Securities Berhad

The Notice of the Extraordinary General Meeting (“EGM”) together with a copy of the Form of Proxy is enclosed with this Circular. If you decide to appoint a proxy to attend and vote on your behalf at the EGM, the Form of Proxy should be completed and lodged at our Registered Office at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the forthcoming EGM if you subsequently wish to do so.

| | | |
|--|---|--|
| Last date and time for lodging the Form of Proxy | : | Sunday, 6 November 2011 at 11.00 a.m. |
| Date and time of the EGM | : | Tuesday, 8 November 2011 at 11.00 a.m. |
| Venue of the EGM | : | Auditorium (7th Floor), Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan |

This Circular is dated 22 October 2011

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

| | |
|----------------------------------|---|
| “Act” | : The Companies Act, 1965 as amended from time to time including any re-enactment thereof |
| “BNM” | : Bank Negara Malaysia |
| “Board” | : Board of Directors of TMC |
| “Bursa Depository” | : Bursa Malaysia Depository Sdn Bhd (165570-W) |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad (635998-W) |
| “CDS” | : Central Depository System |
| “Circular” | : This circular dated 22 October 2011 |
| “Code” | : Malaysia Code on Take-Overs and Mergers 2010 |
| “Controller” | : Controller of Foreign Exchange of BNM |
| “Deed Poll” | : The document constituting the Warrants to be executed by the Company |
| “Director(s)” | : Has the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 |
| “EGM” | : Extraordinary general meeting |
| “Entitled Shareholders” | : The shareholders of TMC whose names appear in the Company's Record of Depositors on the Entitlement Date |
| “Entitlement Date” | : The date (to be determined and announced later by the Board) on which the Company's Record of Depositors with Bursa Depository will be closed to determine the entitlement of the shareholders to the Proposed Rights Issue |
| “EPS” | : Earnings per share |
| “FPE” | : Financial period ended |
| “FYE” | : Financial year ending/ended as the case may be |
| “Foreign Addressed Shareholders” | : Foreign shareholders of TMC on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue |
| “IPS” | : Inter-Pacific Securities Sdn. Bhd. (12738-U) |
| “Listing Requirements” | : Main Market Listing Requirements of Bursa Securities |
| “LPD” | : 26 September 2011, being the latest practicable date prior to the printing of this Circular |
| “M&A” | : Memorandum and Articles of Association |
| “Main Market” | : Main Market of Bursa Securities |
| “NA” | : Net assets |

DEFINITIONS (CONT'D)

| | |
|---|--|
| “PAT” | : Profit after tax |
| “Proposals” | : Proposed Rights Issue and Proposed Increase in the Authorised Share Capital, collectively |
| “Proposed Appointment of Auditors” | : Proposed appointment of Messrs BDO (AF 0206) in place of the resigning auditors, Messrs Crowe Horwath (AF 1018) |
| “Proposed Increase in the Authorised Share Capital” | : Proposed increase in the authorised share capital of TMC from RM100,000,000 comprising 1,000,000,000 Shares to RM200,000,000 comprising 2,000,000,000 Shares and in consequence thereof, the Company’s M&A be amended accordingly |
| “Proposed Rights Issue” | : Proposed renounceable rights issue of 200,593,250 new ordinary shares of RM0.10 each in TMC together with 401,186,500 free new detachable warrants at an issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing ordinary shares of RM0.10 each held in TMC at an entitlement date to be determined by the Board and announced by the Company later |
| “Record of Depositors” | : A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time |
| “Rights Share(s)” | : 200,593,250 new ordinary shares of RM0.10 each in TMC to be issued as fully paid-up pursuant to the Proposed Rights Issue |
| “RM” and “sen” | : Ringgit Malaysia and sen, respectively |
| “SC” | : Securities Commission of Malaysia |
| “TERP” | : Theoretical ex-rights price |
| “TMC” or the “Company” | : TMC Life Sciences Berhad (624409-A) |
| “TMC Group” or “Group” | : TMC and its subsidiary companies |
| “TMC Share(s)” or “Share(s)” | : Ordinary shares of RM0.10 each in TMC |
| “VWAP” | : Volume weighted average market price |
| “Warrant(s)” | : 401,186,500 new free detachable warrants to be issued by TMC pursuant to the Proposed Rights Issue |

Words denoting the singular number shall include the plural and vice versa, and words denoting the masculine gender shall include the feminine gender and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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PART A

**LETTER FROM THE BOARD TO THE SHAREHOLDERS OF TMC
IN RELATION TO THE PROPOSALS**



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

312, 3rd Floor, Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

22 October 2011

Board of Directors:

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir (*Independent Non-Executive Chairman*)
Dato' Dr. Tan Kee Kwong (*Independent Non-Executive Director*)
Freddie Pang Hock Cheng (*Non-Independent Non-Executive Director*)
Dr. Wong Chiang Yin (*Executive Director*)
Dr. Chan Boon Kheng (*Non-Independent Non-Executive Director*)
Dr. Lee G. Lam (*Independent Non-Executive Director*)
Gary Ho Kuat Foong (*Independent Non-Executive Director*)

To: The Shareholders of TMC

Dear Sirs/Madam,

- (I) PROPOSED RIGHTS ISSUE; AND
- (II) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 12 September 2011, IPS had, on behalf of the Board, announced that the Company proposed to undertake the following exercises:

- (i) a renounceable rights issue of 200,593,250 new ordinary shares of RM0.10 each in TMC together with 401,186,500 free new detachable warrants at an issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing ordinary shares of RM0.10 each held in TMC at an entitlement date to be determined by the Board and announced by the Company later; and
- (ii) increase in the authorised share capital of TMC from RM100,000,000 comprising 1,000,000,000 Shares to RM200,000,000 comprising 2,000,000,000 Shares and in consequence thereof, the Company's M&A be amended accordingly.

On 12 October 2011, IPS had, on behalf of the Board announced that the Controller had vide its letter dated 12 October 2011, approved the issuance of the Warrants to the entitled non-resident shareholders of TMC pursuant to the Proposed Rights Issue.

Subsequently, on 21 October 2011, IPS had on behalf of TMC, announced that Bursa Securities had vide its letter dated on the same date, approved the admission to the Official List and the listing and quotation of the Warrants, the listing of the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities pursuant to the Proposed Rights Issue, subject to the conditions disclosed in Section 9 of Part A of this Circular.

The implementation of the Proposed Increase in the Authorised Share Capital shall be followed by the Proposed Rights Issue. The Proposals are inter-conditional upon each other.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RELEVANT RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM IS ENCLOSED HEREWITH IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. PROPOSED RIGHTS ISSUE

2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails a renounceable rights issue involving issuance of 200,593,250 Rights Shares together with 401,186,500 free Warrants on a rights basis of one (1) Rights Share and two (2) free Warrants for every three (3) existing Shares held in TMC at an issue price of RM0.30 per Rights Share subject to approvals from shareholders of the Company.

The number of 200,593,250 Rights Shares and 401,186,500 free Warrants have been arrived at after taking into consideration the total issued and paid-up share capital of TMC of RM60,177,975 comprising of 601,779,750 Shares as at 9 September 2011, being the latest practicable date prior to the announcement on 12 September 2011. TMC does not have any outstanding preference shares or other convertible securities as at the LPD.

The Rights Shares will be provisionally allotted and issued to the Company's shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date after obtaining all the relevant approvals for the Proposed Rights Issue.

The Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders who subscribe for the Rights Shares and are exercisable into new Shares in TMC. Each Warrant will entitle its holder to subscribe for one (1) new Share in TMC at an exercise price of RM0.40 per Warrant. The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded. The Warrants will be issued in registered form and constituted by a Deed Poll to be executed by the Company. The indicative salient terms of the Warrants are set out in Section 2.5 of Part A of this Circular.

The entitlements for the Rights Shares together with the Warrants are renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares together with the Warrants in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. Should the Entitled Shareholders renounce all of their Rights Shares entitlements under the Proposed Rights Issue, they will not be entitled to the Warrants. However, if the Entitled Shareholders accept only part of their Rights Shares entitlements under the Proposed Rights Issue, they shall be entitled to the Warrants in proportion of their acceptance of the Rights Shares entitlement.

The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

In determining the Company's shareholders' entitlements to the Right Shares under the Proposed Rights Issue, fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit or expedient or in the best interests of the Company.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

The issue price for the Rights Shares has been fixed at RM0.30 which represents a discount of approximately RM0.076 or 20.16% to the TERP of TMC Shares of RM0.376. The TERP is based on the 5-day VWAP of TMC Shares up to and including 9 September 2011, being the market day immediately preceding the price-fixing date on 12 September 2011 of approximately RM0.401.

The issue price for the Rights Shares was determined after taking into consideration the then prevailing market conditions and the market price of TMC Shares as well as the gross proceeds to be raised from the Proposed Rights Issue. In arriving at the discount in respect of the issue price for the Rights Shares, the Board had taken into consideration, *inter-alia*, the par value of the existing TMC Shares as well as the market price of TMC Shares.

The exercise price of RM0.40 per Warrant was determined by the Board after taking into consideration, *inter-alia*, the market demand for TMC Shares, the then prevailing market conditions and the market price of TMC Shares. The exercise price of RM0.40 represents a premium of approximately RM0.024 or 6.38% above the TERP of TMC Shares of RM0.376. The TERP is based on the 5-day VWAP of TMC Shares up to and including 9 September 2011 of approximately RM0.401. In arriving at a premium in respect of the exercise price for the Warrants, the Board has taken into consideration, *inter-alia*, the par value of the existing TMC Shares, the historical market prices of TMC Shares *vis-à-vis* the general performance of the local equity market as well as the trading and liquidity of TMC Shares.

The Warrants were introduced to enhance the attractiveness of the Proposed Rights Issue for the Entitled Shareholders to subscribe for their respective entitlements under the Proposed Rights Issue.

2.3 Ranking of the Rights Shares and new Shares in TMC arising from the exercise of the Warrants

The Rights Shares and the new Shares in TMC to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing TMC Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the Rights Shares and new Shares in TMC to be issued upon exercise of the Warrants.

2.4 Shareholders' undertakings and underwriting arrangement

Pursuant to the Proposed Rights Issue, the Company has procured written irrevocable undertakings from the shareholders of TMC, namely Gilberta Investments Limited, Juara Sejati Sdn Bhd, Selat Makmur Sdn Bhd, B. L. Capital Sdn Bhd, Immediate Capital Sdn Bhd, Teras Mewah Sdn Bhd and Inter-Pacific Capital Sdn. Bhd, ("**Undertaking Shareholders**"), to subscribe in full for their respective entitlements to the Rights Shares in respect of their direct shareholdings in TMC ("**Undertakings**") as follows:

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| | No of Shares held as at the LPD | % over total issued and paid-up share capital of TMC | No. of Rights Shares to be subscribed pursuant to the Undertakings | % over total Rights Shares to be subscribed ⁽¹⁾ |
|---------------------------------|---------------------------------|--|--|--|
| Gilberta Investments Limited | 196,100,000 | 32.59 | 65,366,666 | 32.59 |
| Juara Sejati Sdn. Bhd. | 60,550,000 | 10.06 | 20,183,333 | 10.06 |
| Selat Makmur Sdn. Bhd. | 32,400,000 | 5.38 | 10,800,000 | 5.38 |
| B.L. Capital Sdn. Bhd. | 29,656,250 | 4.93 | 9,885,416 | 4.93 |
| Immediate Capital Sdn. Bhd. | 29,900,000 | 4.97 | 9,966,666 | 4.97 |
| Teras Mewah Sdn. Bhd. | 3,800,000 | 0.63 | 1,266,666 | 0.63 |
| Inter-Pacific Capital Sdn. Bhd. | 3,200,000 | 0.53 | 1,066,666 | 0.53 |
| | 355,606,250 | 59.09 | 118,535,413 | 59.09 |

Note:

(1) Computed based on 200,593,250 Rights Shares to be issued pursuant to the Proposed Rights Issue.

The Undertaking Shareholders have provided written confirmation that they have sufficient financial resources to subscribe in full for their entitlements under the Proposed Rights Issue. The said confirmations have been verified by IPS.

Based on the above Undertakings, there will be no take-over implications pursuant to Part II of the Code.

IPS has been appointed as the managing underwriter to manage the underwriting of the remaining Rights Shares to be issued which are not subject to the Undertakings involving 82,057,837 Rights Shares, representing approximately 40.91% of the total Rights Shares to be issued under the Proposed Rights Issue ("**Underwritten Portion**"). The underwriting arrangement for the Underwritten Portion will be finalised through an underwriting agreement. The underwriting commission will be borne by the Company based on normal commercial terms. The Undertakings together with the Underwritten Portion will constitute the full subscription level for 200,593,250 Rights Shares under the Proposed Rights Issue.

The Proposed Rights Issue is not undertaken on a minimum subscription basis.

2.5 Salient terms of the Warrants

| | |
|-------------------------|--|
| Issuer | : TMC |
| Number of Warrants | : 401,186,500 Warrants to be issued in conjunction with the Proposed Rights Issue to the Entitled Shareholders. |
| Form and denomination | : The Warrants will be issued in registered form and will be detached from the Rights Shares upon issuance and separately traded on Bursa Securities. The Warrants will be constituted by the Deed Poll to be executed by TMC. |
| Issue price of Warrants | : The Warrants are to be issued free to the Entitled Shareholders who subscribe to the Rights Shares on the basis of two (2) free Warrants for every one (1) Rights Share. |
| Board Lot | : For the purpose of trading on Bursa Securities, a board lot of Warrants will be in 100 units, unless otherwise revised by the relevant authorities. |
| Listing | : An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities, and for the listing and quotation of the Warrants and the new Shares to be issued upon the exercise of the Warrants. |

| | |
|---|---|
| Tenure of Warrants | : Three (3) years from the date of issuance of the Warrants. |
| Exercise Price | : The exercise price of RM0.40 per Warrant payable in respect of each new ordinary share in the Company to which a Warrant holder will be entitled to subscribe upon exercise of the Exercise Rights (as defined below) or such adjusted price in accordance with the terms and conditions to be set out in the Deed Poll. |
| Exercise Period | : The Warrants may be exercised at any time on and including the date of issue of the Warrants respectively to the close of business at 5.00 p.m. on the market day immediately preceding the date which is the third (3 rd) anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid. |
| Mode of Exercise | : The registered holder of the Warrants shall pay by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia for the Exercise Price when subscribing for new Shares in the Company. |
| Exercise Rights | : Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new Share at the Exercise Price, subject to adjustments in accordance with the provisions for the Deed Poll. |
| Rights of Warrants holders | : The Warrants holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants for new Shares in TMC. |
| Ranking of new Shares to be issued arising from the exercise of the Warrants | : The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Shares. |
| Rights in the event of winding up, liquidation, compromise and/or arrangement | : If a resolution is passed for a members' voluntary winding up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: - <ul style="list-style-type: none"> (a) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and (b) in any other case, every Warrants holder shall be entitled upon and subject to the conditions set out in the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or the granting of the court order approving the winding-up, compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorizing the debiting of his Warrants together with payment of the relevant Exercise Price to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. |

| | |
|---|---|
| | Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Exercise Rights which have not been exercised within six (6) weeks of the passing of such resolution or the granting of the court order approving the winding-up, compromise or arrangement, shall lapse and the Warrants will cease to be valid for any purpose. |
| Transferability | : The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd. |
| Deed Poll | : The Warrants will be constituted by a Deed Poll to be executed by TMC at a later date. |
| Adjustments to Exercise Price and/or number of new Warrants | : The exercise price and/or number of unexercised new Warrants may be adjusted by the Board, in consultation with its professional adviser, in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll. |
| Governing Law | : The Warrants and the Deed Poll shall be governed by the laws of Malaysia. |

2.6 Foreign Addressed Shareholders

An abridged prospectus and the relevant documents to be issued pursuant to the Proposed Rights Issue are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be registered under applicable securities legislation of any overseas jurisdiction. Accordingly, the Proposed Rights Issue will not be offered for subscription in any country other than Malaysia.

Therefore the abridged prospectus and the relevant documents relating to the Proposed Rights Issue will not be sent to foreign shareholders who have not provided an address in Malaysia for the service of documents as at the Entitlement Date. The foreign shareholders may, prior to the Entitlement Date, provide an address in Malaysia for service of documents to their respective stockbrokers as well as the Company's Registrar to effect the change of address. Alternatively, such foreign shareholders may collect the abridged prospectus and the relevant documents from the Company's Registrar, in which event, the Registrar shall be entitled to request for such evidence (i.e. identification or authorisation documents) as the Registrar may deem necessary to satisfy itself as to the identity and authority of the person collecting the abridged prospectus and the relevant documents.

Shareholders of the Company may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and the Company and/or advisers would not, in connection with the Proposed Rights Issue, be in breach of the laws of any jurisdiction that the shareholders of the Company might be subject to. The shareholders of the Company shall be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and a participation by shareholders of the Company in the Proposed Rights Issue shall be on the basis of a warranty by the shareholders that they may lawfully participate without the Company and/or advisers being in breach of the laws of any jurisdiction.

The Foreign Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares pursuant to the Proposed Rights Issue under the laws and jurisdiction to which they are subject to, will have no claim whatsoever against the Company and/or advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

Neither the Company and/or advisers shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholders of their rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void.

3. PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL

As at the LPD, the authorised share capital of the Company is RM100,000,000 divided into 1,000,000,000 TMC Shares of which RM60,177,975 comprising 601,779,750 TMC Shares have been issued and fully paid-up.

The Company proposes the authorised share capital to be increased from RM100,000,000 to RM200,000,000 comprising 2,000,000,000 TMC Shares by creation of 1,000,000,000 new TMC Shares.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.30 per Rights Share, the gross proceeds of RM60.178 million is to be raised from the Proposed Rights Issue (excluding any proceeds from any exercise of Warrants) and the expected utilisation of the proceeds is as follows:

| Proposed utilisation | Expected timeframe for utilisation of proceeds from date of listing of Rights Shares | |
|--|--|------------------|
| | Amount RM'000 | |
| (i) Repayment of borrowings ⁽¹⁾ | 38,960 | Within 18 months |
| (ii) Capital expenditure ⁽²⁾ | 10,000 | Within 18 months |
| (iii) Working capital ⁽³⁾ | 10,218 | Within 18 months |
| (iv) Estimated expenses for the Proposals ⁽⁴⁾ | 1,000 | Within 3 months |
| Total | 60,178 | |

Notes:

(1) *The total borrowings of the Group as at LPD are approximately RM55.19 million. The Group intends to utilise part of the proceeds from the Proposed Rights Issue to pare down RM38.96 million of the Group's existing term loans. The repayment is expected to result in annual interest savings. The saving in the immediate year is about RM2.06 million based on the average interest rate on such loans of 5.3% per annum. The interest savings per annum range from RM126,000 to RM2.2 million over the entire tenure of the term loans based on prevailing cost of fund and base lending rate;*

(2) *The Company also intends to utilise the amount for capital expenditure mainly on upgrading and purchase of new medical and other equipment and renovations for the six (6) fertility centres and hospitals at Kota Damansara and Penang. The renovations to be done at the hospitals at Kota Damansara and Penang include among others, the furnishing of new wards to be opened, new consultant suites, front counters, outpatient areas. The renovations to the fertility centres include facelift to its existing façade, clinic suites and outpatient areas. The renovation will be done in stages and is expected to commence in the 4th quarter of 2011 and to complete by middle of 2013.*

The equipment to be purchased by the Group includes additional computer systems, operating tables, medical equipment such as among others, ultrasound, neurosurgery and orthopaedic surgery equipment. The exact equipment to be purchased may eventually vary from these items mentioned and the expected date of commissioning of the equipment cannot be determined at this juncture as both are dependent on the successful and timing of recruitment of consultants of specific disciplines.

The exact breakdown of the capital expenditure into upgrading and purchase of new medical and other equipment and renovation has not been determined at this juncture for the fertility centres and hospitals at Kota Damansara and Penang, and any excess in cost not covered by the proceeds from the Rights Issue will be funded via internally generated funds;

(3) *The proceeds will be utilised for the Group's day-to-day working capital expenses which include payments to doctors for consultation and procedures fees, payments to suppliers for goods and services rendered and staff costs. The breakdown of such payments is difficult to ascertain at this juncture as it depends on the level of operations to be experienced by the Group in the forthcoming months; and*

- (4) *The estimated expenses comprise, amongst others, professional fees, underwriting fees, fees payable to relevant authorities and miscellaneous expenses. The estimated expenses are subject to change. Any excess between the actual expenses in relation to the Proposals and the amount of the estimated expenses stated above will be allocated from the working capital of the TMC Group and vice versa.*

The exact quantum of proceeds that may be raised by TMC from the exercise of the Warrants would depend on the actual number of Warrants exercised during the tenure of the Warrants. Such proceeds are intended to be utilised for working capital purposes.

5. RATIONALE FOR THE PROPOSALS

TMC Group continues to build up the business of Tropicana Medical Centre in Kota Damansara and Penang and believes there are growth opportunities in the healthcare industry particularly, medical tourism. The Company is of the opinion that a stronger balance sheet base and a healthier cashflow will enable TMC Group to finance the development of its existing business which is expected to contribute positively to the future earnings of TMC Group.

After considering various methods of fund-raising, the Board is of the opinion that the Proposed Rights Issue is currently the most appropriate means of raising funds for the purposes as set out in Section 4 of Part A of this Circular as it will reduce the Group's gearing, recapitalise its statement of financial position and save on financing cost. The Warrants will provide an incentive for shareholders to participate in the issue in view of the challenging market conditions. The decision was arrived at after considering several major factors including the following:

- (i) TMC Group can use the proceeds from the Proposed Rights Issue to repay its borrowings in order to save on financing costs;
- (ii) equity capital can be raised for the Company without incurring interest cost as compared to borrowings and this will strengthen its balance sheet;
- (iii) the capital structure of TMC Group can be optimised from the exercise of the Warrants as this will enable TMC Group to have greater opportunity to grow the business at lower cost of funds and thereby generating greater returns from investments. This will also help to raise funds for future working capital purposes for TMC Group; and
- (iv) shareholders of the Company are provided with an opportunity to increase their equity participation in the Company at a discount to the prevailing market price of TMC Shares from the subscription of the Rights Shares and at a pre-determined price for the exercise of the Warrants as mentioned in Section 2.1 of Part A of this Circular.

The Proposed Increase in the Authorised Share Capital will accommodate the issuance of new TMC Shares (assuming the full exercise of the Warrants) as well as to facilitate future corporate exercises involving the issuance of new TMC Shares that may be undertaken by the Company.

6. INDUSTRY OVERVIEW AND PROSPECTS OF TMC GROUP

6.1 Overview and outlook of the Malaysian economy

The pace of growth of the Malaysian economy moderated in the second quarter (4.0%; 1Q 11: 4.9%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products given the favourable regional demand and high commodity prices.

Domestic demand increased by 5.2% (1Q 11: 6.9%), supported mainly by sustained growth in private sector spending. Private consumption increased by 6.4% (1Q 11: 6.7%). Sustained expenditure on emoluments and supplies and services supported the growth in public consumption (4.0%; 1Q 11: 8.9%). Growth in gross fixed capital formation moderated to 3.2% (1Q 11: 6.5%), due mainly to lower public investment. Private capital spending, however, was sustained by expansion in production capacity and investment in new growth areas in the manufacturing sector as well as exploration and development activity in the oil and gas sector. During the quarter, Federal Government development expenditure was lower, and was focused on the education, transportation and trade and industry sectors.

On the supply side, growth in most economic sectors moderated during the quarter. The manufacturing sector slowed to 2.1% (1Q 11: 5.5%) due mainly to the weaker global environment and the production disruptions following the disaster in Japan in March. Nevertheless, the services sector was sustained at 6.3% (1Q 11: 6.4%), supported by continued domestic private sector spending. The agriculture sector turned around to expand by 6.9% (1Q 11: -0.2%), due mainly to higher output of both crude palm oil and natural rubber following an improvement in weather conditions. Meanwhile, growth in the construction sector moderated to 0.6% (1Q 11: 3.8%) due to delays in the implementation of infrastructure projects. The mining sector continued to contract (-9.2%; 1Q 11: -4.2%), reflecting the lower production of crude oil following the shutdown of production facilities for maintenance.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

(Source: BNM's Quarterly Bulletin for 2Q 2011)

The global economic outlook remains fluid and increasingly worrying. Further deterioration in the economic and financial environment in the Eurozone will likely weaken U.S. further, with repercussions for international trade. Further monetary policy easing beside the "operation twist" will be necessary in 2012 to revive the U.S. economy. China and other emerging economies are heading for a soft landing in the near term. Weaker global outlook, which reduces demand for commodities, will bring about lower inflationary pressures ahead. In turn, this may provide leeway for policy easing in selected economies, such as China.

In Malaysia, the 2Q11 GDP growth edged lower to 4.0 percent year-on-year due to a weaker domestic demand. By sector, services (6.3 percent) and manufacturing (2.1 percent) were the main growth engines. Economic growth momentum will probably moderate from 2H11 onwards arising from a weaker exports outlook. Further implementation of ETP projects and Budget 2012 handouts will boost domestic demand, but unlikely to offset underperformance in net exports. Against this background, Malaysian Institute of Economic Research ("MIER") downgrades 2011 GDP growth rate to 4.6 percent year-on-year. For 2012, MIER revises the GDP growth forecast to 5.0 percent.

(Source: MIER's article on "Malaysian Economic Outlook" dated 13 October 2011)

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6.2 Overview and prospects of the healthcare sector

The Government will continue to provide quality health services for the rakyat, with latest equipment and better ambience. In 2012, the health services sector will be allocated RM15 billion for operating expenditure and RM1.8 billion for development expenditure. This involves, among others, constructing and upgrading hospitals in Bera, Kuala Krai, Dungun, Sri Aman and Tuaran as well as to improve the maternity block in Hospital Putrajaya. The Government will also upgrade 81 rural health clinics nationwide and launch 50 new 1Malaysia clinics.

Similar measures will be undertaken to upgrade Hospital Kuala Lumpur, which is the centre for health services in the city with 3,000 outpatients seeking treatment every day. To ensure the comfort of city residents, this 141-year old hospital, which is the oldest in Malaysia, will be upgraded to be the country's premier hospital with state-of-the-art equipment with an allocation of RM300 million. Of this, RM50 million will be utilised to construct a new outpatient block.

In addition, the Government will corporatise the Malaysia Healthcare Travel Council to promote and develop Malaysia as a main destination for healthcare services in this region.

(Source: Prime Minister's 2012 budget speech dated 7 October 2011)

With increased affluence, and ageing and increasingly mobile population, medical and healthcare services are a growth industry. The Tenth Malaysia Plan identifies healthcare as one of the 12 National Key Economic Areas. Targets have been set and concrete actions to drive economic growth in these areas have been drawn up. The aim is to create a seamless and integrated healthcare system, incorporating a professional, competitive healthcare travel industry and state of the art medical technology.

The plan is to boost health tourism and make Malaysia the preferred healthcare destination in the region. It also aims to grow revenue from healthcare travel by about 10 per cent per annum. Among the strategies to achieve target includes:

- Fostering strategic alliances among local and foreign healthcare service providers, travel organizations and the medical insurance groups to provide a more integrated and more comprehensive package of services to healthcare travellers;
- Encourage more private hospitals to seek accreditation with international healthcare accreditation bodies. Currently 35 private hospitals in the country participate in health tourism programmes; and
- Promote investment in and utilisation of high-end medical technology to increase efficiency, effectiveness and competitiveness, and intensify and coordinate professional activities to strengthen the Malaysian healthcare brand globally.

(Source: Prime Minister's speech dated 14 July 2010 on the Malaysian Medical Association's 50th anniversary celebration dinner)

Although the Malaysian healthcare travel industry has shown consistent growth of 38 percent per annum between 2003 and 2008, in 2009 the market experienced a contraction. The industry continues to remain small (estimated at RM350 million in 2010) and is prone to both exogenous shocks such as a global economic crisis and increased competitive pressure from neighbouring countries. Markets such as Singapore and Thailand have not only shown faster historical growth but weathered the downturn better by positioning themselves as leaders in specific niches of the industry – high-quality care and high-value health experiences.

The goal of this entry point projects ("EPP") is to create a differentiated position for Malaysia and to broaden the customer base beyond Indonesia (70 percent of 2009 receipts) and beyond lower margin outpatient treatments (more than 80 percent of health travel procedures). The primary owner for the extensive marketing efforts is the Malaysia Healthcare Travel Council. The effort to develop better infrastructure and the development of strategic bilateral relations will be undertaken by the Ministry Of Health and Ministry of Tourism. It is expected that the development of the marketing campaign and bilateral relations will occur within 2011.

Finally the health services sub-sector, which comprised domestic expenditure and health travel, is projected to grow at seven percent, below historical growth of 11 percent due to the belief that healthcare expenditure growth is likely to be managed down due to domestic healthcare reform. Although health travel will grow at a double-digit rate the starting base is small (less than RM325 million) and the incremental upside is being counted in the health travel EPP.

(Source: Annual Report 2010 of Government Transformation Programme, Performance Management & Delivery Unit ("PEMANDU"))

According to the article, Malaysia is expected to attract more than 200,000 passengers coming to Malaysia as medical tourists next year due to competitive pricing by Malaysian healthcare providers. Medical tourists were currently coming from Indonesia, Cambodia, Vietnam and Bangladesh and the number was expected to increase by 16% year on year over the next three years.

(Source: The Star article titled "MAS for medical tourism" on 1 July 2011)

6.3 Prospects of TMC Group

The Board is cautiously optimistic that the Group's revenue base will continue to increase in financial year 2012, spurred by the increased number of specialist doctors and support personnel at the flagship hospital at Kota Damansara and various satellite fertility centres as well as ongoing promotional activities of the hospital's advanced facilities and services. Currently, the Group has two (2) hospitals at Kota Damansara and Penang respectively and six (6) satellite fertility centres at Kota Damansara, Kepong, Puchong, Penang, Johor Baru and Kuantan with a total of 71 specialists (25 residents, 26 sessional and 20 visiting) and 486 employees. The additional number of specialists to be added is 33 over a three (3) years period and the number of support personnel to be added is 16 by May 2013. On its ongoing promotional activities, the Group participates in all the trade missions organised by the Malaysian Health Care Travel Council to destinations in Asian countries. In addition the Group conducts health seminars in various Indonesian cities to promote the services of its hospitals.

The Group is expecting to receive more medical tourists with the signing of several Memoranda of Understanding ("MoU") for marketing collaboration arrangements with various organisations to promote medical tourism. The marketing collaboration arrangements signed in 2010 and 2011 for medical tourism and related activities with various parties from Indonesia include organisations such as Paguyuban Sosial Marga Tionghoa Indonesia of various regions, Pimpinan Wilayah Muhammadiyah Provinsi Riau and Kepri, Ikatan Keluarga Persaudaraan Tionghoa Bengkalis and others based in various regions of Indonesia. An MoU was also signed on 30 June 2011 between Tropicana Medical Centre (M) Sdn Bhd and MAS Holidays Sdn Bhd providing health screening at attractive rates and bundled into travel, accommodation and tour packages.

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The Group will continue to focus on building up the business of Tropicana Medical Centre, Kota Damansara and Tropicana Medical Centre (Penang) Sdn Bhd through greater market awareness programs in both the domestic and international market, increasing the number of specialists and sub-specialists medical consultants practicing in TMC's hospitals, investing in up to date medical equipments for the care and treatment of patients and continuous improvements in service delivery to patients. The current average monthly patient visits to both hospitals of TMC at Kota Damansara and Penang is in the region of 6,000 inpatients and outpatients. Patient visits range from high intensity treatments and procedures cases to lower revenue generating category of health screening. As such, the number of patients visits itself may not be the most appropriate indicator for revenue generating and profitability of the Company. Nevertheless, with the expected increase in revenue from the measures to be undertaken, comparing against the level of operation in the financial period ended 31 May 2011, TMC Group is cautiously optimistic that it can return to profitability by 2014 with similar level of cost structure of the industry and Group and should there be no major communicable disease outbreaks that will affect TMC's business which is beyond control.

(Source: Chairman's Statement, TMC Annual Report 2011 and Management of TMC)

7. EFFECTS OF THE PROPOSALS

The Proposed Increase in the Authorised Share Capital will not have any effect on the issued share capital, substantial shareholders' shareholdings, earnings and EPS, NA and gearing of the Company/Group.

For illustration purposes only, the effects of the Proposed Rights Issue have been shown based on the following:

- (i) issued share capital of TMC as at LPD of RM60,177,975 comprising 601,779,750 Shares; and
- (ii) issue price for the Rights Shares being RM0.30 per share.

The effect of the Proposed Rights Issue on the issued share capital, substantial shareholders' shareholdings, earnings and EPS, NA and gearing of the Company are as follows:

7.1 Share capital

| | No. of Shares | Share Capital (RM) |
|--|----------------------|--------------------|
| Existing Shares as at the LPD | 601,779,750 | 60,177,975 |
| To be issued pursuant to the Proposed Rights Issue on Rights Shares | 200,593,250 | 20,059,325 |
| After the Proposed Rights Issue | 802,373,000 | 80,237,300 |
| To be issued assuming full exercise of the Warrants | 401,186,500 | 40,118,650 |
| Enlarged issued and paid-up share capital after the Proposals | 1,203,559,500 | 120,355,950 |

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7.2 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effect of the Proposed Rights Issue on the shareholdings of the substantial shareholders of TMC as at the LPD is as follows:

| Substantial Shareholders | Existing shareholdings as at the LPD | | | | (I) After Rights Issue | | | | (II) After (I) and assuming full exercise of the Warrants | | | |
|---|--------------------------------------|-------|----------------------------|-------|---------------------------|-------|---------------|-------|---|-------|---------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Gilberta Investments Limited | 196,100,000 | 32.59 | - | - | 261,466,666 | 32.59 | - | - | 392,199,999 | 32.59 | - | - |
| Lim Eng Hock | - | - | 196,100,000 ⁽¹⁾ | 32.59 | - | - | 261,466,666 | 32.59 | - | - | 392,199,999 | 32.59 |
| Utilico Emerging Markets Limited | 30,497,900 | 5.07 | - | - | 40,663,866 ⁽⁶⁾ | 5.07 | - | - | 60,995,799 | 5.07 | - | - |
| Juara Sejati Sdn. Bhd. | 60,550,000 | 10.06 | 123,506,250 ⁽²⁾ | 20.52 | 80,733,333 | 10.06 | 164,675,000 | 20.52 | 121,099,999 | 10.06 | 247,012,500 | 20.52 |
| Berjaya Corporation Berhad | - | - | 187,856,250 ⁽³⁾ | 31.22 | - | - | 250,475,000 | 31.22 | - | - | 375,712,500 | 31.22 |
| Berjaya Group Berhad | - | - | 187,856,250 ⁽³⁾ | 31.22 | - | - | 250,475,000 | 31.22 | - | - | 375,712,500 | 31.22 |
| Tan Sri Dato' Seri Vincent Tan Chee YOUNG | - | - | 187,856,250 ⁽³⁾ | 31.22 | - | - | 250,475,000 | 31.22 | - | - | 375,712,500 | 31.22 |
| Selat Makmur Sdn. Bhd. | 32,400,000 | 5.38 | - | - | 43,200,000 | 5.38 | - | - | 64,800,000 | 5.38 | - | - |
| Teras Mewah Sdn. Bhd. | 3,800,000 | 0.63 | 91,956,250 ⁽⁴⁾ | 15.28 | 5,066,666 | 0.63 | 122,608,333 | 15.28 | 7,599,999 | 0.63 | 183,912,499 | 15.28 |
| Berjaya Land Berhad | - | - | 91,956,250 ⁽⁴⁾ | 15.28 | - | - | 122,608,333 | 15.28 | - | - | 183,912,499 | 15.28 |
| Bizurai Bijaik (M) Sdn. Bhd. | - | - | 31,550,000 ⁽⁵⁾ | 5.24 | - | - | 42,066,666 | 5.24 | - | - | 63,099,999 | 5.24 |
| Berjaya Capital Berhad | - | - | 31,550,000 ⁽⁵⁾ | 5.24 | - | - | 42,066,666 | 5.24 | - | - | 63,099,999 | 5.24 |

Notes:

- (1) Deemed interested by virtue of his interest in Gilberta Investments Limited, pursuant to Section 6A of the Act;
- (2) Deemed interested by virtue of their interest in Selat Makmur Sdn Bhd, B.L. Capital Sdn Bhd, Immediate Capital Sdn Bhd, Berjaya Sompoo Insurance Berhad and Inter-Pacific Capital Sdn. Bhd, pursuant to Section 6A of the Act;
- (3) Deemed interested by virtue of their interest in Juara Sejati Sdn Bhd, Teras Mewah Sdn Bhd., Selat Makmur Sdn Bhd, B.L. Capital Sdn Bhd, Immediate Capital Sdn Bhd, Berjaya Sompoo Insurance Berhad and Inter-Pacific Capital Sdn Bhd pursuant to Section 6A of the Act;
- (4) Deemed interested by virtue of their interest in Selat Makmur Sdn Bhd, B.L. Capital Sdn Bhd and Immediate Capital Sdn Bhd pursuant to Section 6A of the Act;
- (5) Deemed interested by virtue of their interest in Berjaya Sompoo Insurance Berhad and Inter-Pacific Capital Sdn Bhd pursuant to Section 6A of the Act; and
- (6) Assuming Utilico Emerging Markets Limited subscribe for its entitlement in full.

7.3 Earnings and EPS

The Proposed Rights Issue is expected to contribute positively to the earnings of TMC Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised and due to the interest cost savings from the repayment of borrowings. When the benefits of the utilisation of proceeds are realised, the consolidated EPS of TMC is expected to be diluted as a result of the increase in the number of Shares to be issued pursuant to the Proposed Rights Issue. Nonetheless, the level of return generated from the utilisation of proceeds raised from the Proposed Rights Issue would determine the eventual impact of the dilution.

7.4 NA and gearing

Based on the latest audited consolidated financial statements of TMC for the FPE 31 May 2011 and on the assumption that the Proposed Rights Issue had been effected on that date, the proforma effects of the Proposed Rights Issue on the consolidated NA per Share and gearing of the TMC Group are as follows:

| | Audited as at 31 May 2011 RM | (I) After Rights Issue RM | (II) After (I) and assuming full exercise of Warrants RM |
|--|------------------------------------|------------------------------------|---|
| Share capital | 60,177,975 | 80,237,300 | 120,355,950 |
| Share premium | 21,751,724 | ⁽¹⁾ 33,295,319 | ⁽¹⁾ 181,734,324 |
| Warrant reserve | - | ⁽³⁾ 28,083,055 | - |
| Foreign exchange translation reserves | 6,958 | 6,958 | 6,958 |
| Accumulated losses | (15,894,976) | ⁽¹⁾ (16,402,976) | ⁽¹⁾ (16,402,976) |
| Shareholders' equity funds/NA | 66,041,681 | 125,219,656 | 285,694,256 |
| No. of shares | 601,779,750 | 802,373,000 | 1,203,559,500 |
| NA per share (RM) | 0.11 | 0.16 | 0.24 |
| Total borrowings (RM) | 50,194,325 | ⁽²⁾ 11,234,325 | ⁽²⁾ 11,234,325 |
| Gearing ratio (times) | 0.76 | 0.09 | 0.04 |

Notes:

- (1) The Proposals is expected to incur estimated expenses of RM1,000,000. The cost directly attributable to the issuance of Rights Shares of RM492,000 will be offset against share premium account. The remaining estimated expenses to be incurred for the Proposals of RM508,000 have been charged to accumulated losses;
- (2) This estimate has been arrived at after taking into account the repayment of RM38.96 million of borrowing from the proceeds raised from the subscription to Rights Shares of RM60.18 million; and
- (3) The warrant reserve amount arises from the proposed issue of 401,186,500 Warrants to shareholders of TMC pursuant to the Proposed Rights Issue. For illustration purposes, the Warrants are assumed to have a fair value of RM0.07 each.

7.5 Dividends

Based on FPE 31 May 2011, the Company did not pay any dividend. The Proposals are not expected to have any impact on the policy of the Board in recommending dividends, if any, to the shareholders of TMC.

The level of dividends to be declared for future financial years would be determined by the Board after taking into consideration the performance, cash flow position and financial requirements of TMC Group as well as prevailing economic conditions.

7.6 Convertible securities

As at the LPD, the Company does not have any other existing convertible securities.

8. HISTORICAL SHARE PRICE

The monthly highest and lowest trading prices of TMC Shares as traded on Bursa Securities for the past 12 months up to 30 September 2011 are as follows:

| | High RM | Low RM |
|-------------|------------|-----------|
| 2010 | | |
| October | 0.515 | 0.480 |
| November | 0.600 | 0.500 |
| December | 0.545 | 0.495 |
| 2011 | | |
| January | 0.615 | 0.515 |
| February | 0.540 | 0.475 |
| March | 0.520 | 0.450 |
| April | 0.540 | 0.485 |
| May | 0.490 | 0.460 |
| June | 0.470 | 0.415 |
| July | 0.465 | 0.425 |
| August | 0.440 | 0.350 |
| September | 0.410 | 0.305 |

(Source: Bloomberg)

The closing price of our Shares on Bursa Securities on 9 September 2011, being the last transacted market price immediately prior to the announcement of the Proposals was RM0.40 per share.

The closing price of our Shares on Bursa Securities as at the LPD was RM0.32 per share.

9. CONDITIONS TO THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue is conditional upon the following being obtained:

- (i) the approval of the Controller for the issuance of the Warrants to non-resident shareholders of the Company and/or renounees and any additional Warrants to be issued to non-resident shareholders from time to time arising from any adjustments made in accordance with the provisions of the Deed Poll constituting the Warrants to be executed by TMC, which was obtained on 12 October 2011;
- (ii) the approval of Bursa Securities vide its letter dated 21 October 2011 for the following:
 - (a) admission to the Official List and the listing and quotation of 401,186,500 Warrants on the Main Market of Bursa Securities; and
 - (b) listing for the following on the Main Market of Bursa Securities:
 - (i) 200,593,250 Rights Shares; and
 - (ii) 401,186,500 new TMC Shares to be issued pursuant to the exercise of the Warrants,

subject to, *inter-alia*, the following conditions:

- (a) The Company and IPS must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue;

- (b) The Company and IPS to inform Bursa Securities upon the completion of the Proposed Rights Issue;
 - (c) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed; and
 - (d) Payment of additional listing fees. In this respect, the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter with a detailed computation of listing fees payable.
- (iii) your approval at the forthcoming EGM; and
- (iv) approvals, waivers and consents of any other relevant authorities/persons, if required.

The Proposed Increase in the Authorised Share Capital is subject to your approval at the forthcoming EGM.

The Proposals are inter-conditional upon each other. The Proposals are not conditional upon any other proposal.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by fourth (4th) quarter of 2011. The tentative timetable for the implementation of the Proposed Rights Issue is as follows:

| Event | Tentative timing |
|--|---------------------|
| EGM | Early November 2011 |
| Announcement of the Entitlement Date | Mid November 2011 |
| Entitlement Date | End November 2011 |
| Commencement of trading of provisional allotment of the Rights Shares with Warrants | End November 2011 |
| Despatch of the abridged prospectus together with notice of provisional allotment of the Rights Shares with Warrants and the rights subscription form to Entitled Shareholders | End November 2011 |
| Last day for the sale of provisional allotment of the Rights Shares with Warrants | Early December 2011 |
| Last day for receipt of acceptance of and applications for the Rights Shares with Warrants | Early December 2011 |
| Listing of the Rights Shares and Warrants on the Main Market of Bursa Securities | End December 2011 |

11. CORPORATE EXERCISES ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals contained herein and the extension of the Memorandum of Understanding made between the Company, Berjaya Corporation Berhad and Viet Ha Corporation until 17 September 2012 to jointly carry out activities relating to the design, construction, furnishing, equipping and operating of a hospital in or near Hanoi as announced on 19 September 2011, the Board confirms that there are no other corporate proposals which have been announced but not yet completed as at the date of this Circular.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company and persons connected to them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposed Rights Issue (if any), which are also available to other shareholders of the Company, including the rights to apply for excess Rights Shares.

13. DIRECTORS' RECOMMENDATION

After considering all aspects of the Proposals, including the rationale and effects of the Proposals and after careful deliberation, the Board is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.

14. EGM

The EGM, the Notice of which is set out in this Circular, will be held at Auditorium (7th Floor), Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 8 November 2011 at 11 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the ordinary resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein, to be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for the EGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person in the forthcoming EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

You are requested to refer to the attached appendix for further information.

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

PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR
Chairman

PART B

**LETTER FROM THE BOARD TO THE SHAREHOLDERS OF TMC
IN RELATION TO THE PROPOSED APPOINTMENT OF
AUDITORS**



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

312, 3rd Floor, Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

22 October 2011

Board of Directors:

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir (*Independent Non-Executive Chairman*)
Dato' Dr. Tan Kee Kwong (*Independent Non-Executive Director*)
Freddie Pang Hock Cheng (*Non-Independent Non-Executive Director*)
Dr. Wong Chiang Yin (*Executive Director*)
Dr. Chan Boon Kheng (*Non-Independent Non-Executive Director*)
Dr. Lee G. Lam (*Independent Non-Executive Director*)
Gary Ho Kuat Foong (*Independent Non-Executive Director*)

To: The Shareholders of TMC

Dear Sirs/Madam,

PROPOSED APPOINTMENT OF AUDITORS

1. INTRODUCTION

On 10 October 2011, the Company announced that Messrs Crowe Horwath has tendered their resignation as the Auditors of the Company for the FYE 31 May 2012 and that their resignation will only take effect upon the appointment of another firm of Auditors.

In consequence thereof, Messrs BDO had been nominated as Auditors of the Company for the FYE 31 May 2012 in place of the resigning Auditors, Messrs Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board.

Messrs BDO had on 11 October 2011 given their consent to act as Auditors of for the FYE 31 May 2012.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED APPOINTMENT OF AUDITORS AND TO SEEK YOUR APPROVAL FOR THE RELEVANT RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM IS ENCLOSED HEREWITH IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED APPOINTMENT OF AUDITORS AT THE FORTHCOMING EGM.

2. RATIONALE FOR THE PROPOSED APPOINTMENT OF AUDITORS

The resignation of Messrs Crowe Horwath will create a vacancy for the office of Auditors of the Company. The proposed appointment of Messrs BDO, as nominated by the Board, is to fill this vacancy for the office of Auditors.

3. EFFECT OF THE PROPOSED APPOINTMENT OF AUDITORS

The Proposed Appointment of Auditors will not have any effect on the share capital and substantial shareholders' shareholding in the Company and the earnings, gearing or net assets of TMC Group.

4. APPROVAL REQUIRED

The Proposed Appointment of Auditors is subject to the approval of the shareholders of TMC at the forthcoming EGM.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Appointment of Auditors.

6. DIRECTORS' RECOMMENDATION

After considering all aspects of the Proposed Appointment of Auditors and after careful deliberation, the Board is of the opinion that the Proposed Appointment of Auditors is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Appointment of Auditors at the forthcoming EGM.

7. EGM

The EGM, the Notice of which is set out in this Circular, will be held at Auditorium (7th Floor), Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 8 November 2011 at 11 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the ordinary resolution to give effect to the Proposed Appointment of Auditors.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein, to be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for the EGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person in the forthcoming EGM should you subsequently wish to do so.

8. FURTHER INFORMATION

You are requested to refer to the attached appendix for further information.

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

PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR
Chairman

APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER



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12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Date: 14 October 2011

The Board of Directors
TMC Life Sciences Berhad
No 11, Jalan Teknologi
Taman Sains Selangor 1
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

**TMC LIFE SCIENCES BERHAD
REPORTING ACCOUNTANTS’ LETTER ON PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 MAY 2011**

We have reviewed the proforma consolidated statements of financial position of TMC Life Sciences Berhad (“TMC”) and its subsidiaries (“TMC Group”) as at 31 May 2011 together with the accompanying notes thereto, for which the Directors of TMC are solely responsible as set out in the accompanying statement (which we have stamped for the purpose of identification) prepared for illustrative purpose only for inclusion in the Circular to Shareholders of TMC in relation to the following:

Proposed renounceable rights issue of 200,593,250 new ordinary shares of RM0.10 each in TMC (“Rights Shares”) together with 401,186,500 free new detachable warrants (“Warrants”) at an issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing ordinary shares of RM0.10 each (“Share”) held in TMC at an entitlement date to be determined later, of which the RM0.30 per Rights Share will be payable in full on application in cash. (“Proposed Rights Issue”).

The Board of Directors of TMC (“Board”) is solely responsible for the preparation of the proforma consolidated statements of financial position as at 31 May 2011 together with the notes and assumptions thereto, which have been prepared for illustrative purposes only and based on the audited consolidated statement of financial position of TMC as at 31 May 2011 prepared in accordance with applicable approved Financial Reporting Standards in Malaysia issued by the Malaysian Accounting Standards Board. Our responsibility is to form an opinion on the proforma consolidated statements of financial position and to report our opinion to you based on our work.

As the proforma consolidated statements of financial position of TMC have been prepared for illustrative purposes only, such information, because of its nature, may not reflect TMC’s actual financial position. Further, such information does not predict the TMC Group’s future financial position.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information presented with their original form, discussing the proforma consolidated statements of financial position with the Directors and the responsible officers of TMC, considering the evidence supporting the adjustments, and checking the bases adopted by the Directors of TMC in the preparation of the proforma consolidated statements of financial position of TMC as at 31 May 2011.



In our opinion:

- (a) the proforma consolidated statements of financial position of the TMC Group as at 31 May 2011, which are prepared for illustrative purposes only, have been properly prepared on the bases set out in the notes to the proforma consolidated statements of financial position and prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and
- (b) within the context of the assumed date of the Proposed Rights Issue :
 - (i) the proforma consolidated statements of financial position have been prepared on such basis that is consistent with both the format of the financial statements and the accounting policies adopted by TMC as at 31 May 2011
 - (ii) each material adjustment made in the preparation of the proforma consolidated statements of financial positions are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

This report has been prepared for the purpose stated above in connection with the Proposed Rights Issue. As such, this report is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

A handwritten signature of the BDO firm, written in black ink. The signature is stylized and appears to be 'BDO' with a flourish.

BDO

AF: 0206

Chartered Accountants

APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)

TMC LIFE SCIENCES BERHAD (624409 - A)
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

| | Audited Consolidated Statement of Financial Position as at 31.5.2011 RM'000 | Proforma I | | Proforma II | |
|--|---|--|--|--|--|
| | | Adjustments for Proposed Rights Issue RM'000 | After the Proposed Rights Issue RM'000 | Adjustments for exercise of Warrants RM'000 | After Proforma I and assuming exercise of Warrants RM'000 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 129,957 | 10,000 | 139,957 | | 139,957 |
| Total non-current assets | 129,957 | | 139,957 | | 139,957 |
| CURRENT ASSETS | | | | | |
| Inventories | 2,792 | | 2,792 | | 2,792 |
| Trade and other receivables | 8,924 | | 8,924 | | 8,924 |
| Current tax assets | 1,887 | | 1,887 | | 1,887 |
| Cash and bank balances | 2,248 | 10,218 | 12,466 | 160,474 | 172,940 |
| Total current assets | 15,851 | | 26,069 | | 186,543 |
| TOTAL ASSETS | 145,808 | | 166,026 | | 326,500 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 60,178 | 20,059 | 80,237 | 40,119 | 120,356 |
| Share premium | 21,752 | 11,544 | 33,296 | 148,438 | 181,734 |
| Accumulated losses | (15,895) | (508)** | (16,403)** | | (16,403) |
| Exchange translation reserve | 7 | - | 7 | | 7 |
| Warrants reserve | - | 28,083 | 28,083 | (28,083) | - |
| | 66,042 | | 125,220 | | 285,694 |

** The proposal is expected to incur estimated expenses of RM1,000,000. The cost directly attributable to the issuance of rights shares of RM492,000 will be offset against share premium account. The remaining estimated expenses to be incurred for the Proposal of RM508,000 have been charged to accumulated losses.

APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)

TMC LIFE SCIENCES BERHAD (624409 - A)
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

| | Audited Consolidated Statement of Financial Position as at 31.5.2011 | Adjustments for Proposed Rights Issue | Proforma I After the Proposed Rights Issue | Adjustments for exercise of Warrants | Proforma II After Proforma I and assuming exercise of Warrants |
|--|---|--|--|--|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Minority interest | - | - | - | - | - |
| TOTAL EQUITY | 66,042 | | 125,220 | | 285,694 |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 38,818 | (31,641) | 7,177 | 7,177 | 7,177 |
| Deferred tax liabilities | 2,938 | | 2,938 | 2,938 | 2,938 |
| Total non-current liabilities | 41,756 | | 10,115 | | 10,115 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 26,620 | | 26,620 | 26,620 | 26,620 |
| Borrowings | 11,377 | (7,319) | 4,058 | 4,058 | 4,058 |
| Current tax liabilities | 13 | | 13 | 13 | 13 |
| Total current liabilities | 38,010 | | 30,691 | | 30,691 |
| TOTAL LIABILITIES | 79,766 | | 40,806 | | 40,806 |
| TOTAL EQUITY AND LIABILITIES | 145,808 | | 166,026 | | 326,500 |
| Number of ordinary shares ('000) | 601,780 | | 802,373 | | 1,203,560 |
| Net Assets (RM'000) | 66,042 | | 125,220 | | 285,694 |
| Net Assets per ordinary share of RM0.10 each (sen) | 11 | | 16 | | 24 |

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 the purpose of
 identification only.
 14 OCT 2011
 BDO (AF0206)
 Chartered Accountants
 Kuala Lumpur

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APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER (CONT’D)

TMC LIFE SCIENCES BERHAD (624409 - A)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

1. Proposal

The proposal undertaken by TMC is a renounceable rights issue of 200,593,250 new ordinary shares of RM0.10 each in TMC (“Rights Shares”) together with 401,186,500 free new detachable warrants (“Warrants”) at an issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing ordinary shares of RM0.10 each (“Shares”) held in TMC at an entitlement date to be determined later, of which the RM0.30 per Rights Share will be payable in full on application in cash (“Proposed Rights Issue”); and

2. Basis of preparation

The proforma consolidated statements of financial position of TMC have been prepared for illustrative purpose only to provide information about the consolidated statement of financial position of TMC as at 31 May 2011 as if the Proposal stated in Note 1 above had been implemented and completed as of that date.

The proforma consolidated statements of financial position of TMC, for which the Directors are solely responsible, have been prepared using financial statements that have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia.

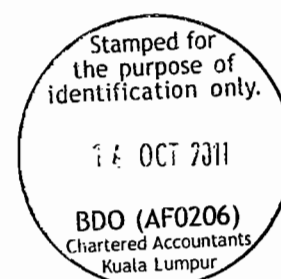
The audited consolidated statement of financial position as at 31 May 2011 has been extracted from the audited consolidated financial statements of TMC for the financial period ended 31 May 2011, of which the statutory auditors expressed an unqualified opinion with an emphasis matter highlighting the premise upon which TMC has prepared its audited consolidated financial statements by applying the going concern assumption, notwithstanding that TMC incurred a consolidated net loss of RM35,128,000 during the financial period ended 31 May 2011, thereby indicating the existence of material uncertainty, which may cast significant doubt about the TMC’s ability to continue as a going concern.

The proforma consolidated statements of financial position of TMC have been prepared in a manner consistent with both the format of the financial statements and the accounting policies of TMC as disclosed in TMC’s audited consolidated financial statements for the financial period ended 31 May 2011, except for the adoption of the following new accounting policy:

Warrants reserve

Amount allocated in relation to the issuance of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

TMC will apply the new additional accounting policy prospectively and therefore there will not have any financial impact on the audited consolidated statement of financial position as at 31 May 2011.



APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)

TMC LIFE SCIENCES BERHAD (624409 - A)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

2. Basis of preparation (continued)

Proforma I

The subscription of 200,593,250 Rights Shares would give rise to an increase of RM20,059,000 in the issued and paid-up share capital account.

Subscription and issuance of 200,593,250 Rights Shares with 401,186,500 Warrants at an issue price of RM0.30 per Rights Share to raise gross proceeds of RM60,178,000 on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing TMC's ordinary shares.

The estimated expenses to be incurred for the Proposal amounted to RM1,000,000. The cost directly attributable to the issuance of rights shares of RM492,000 will be offset against share premium account. The remaining estimated expenses to be incurred for the Proposal of RM508,000 have been charged to accumulated losses.

The proceeds from the Proposed Rights Issue with Warrants are to be utilised for the repayment of borrowings amounting up to RM38,960,000 and for capital expenditure of RM10,000,000. The remaining balance of RM10,218,000 are to be utilised for working capital purpose.

The fair value of RM0.07 per Warrant is determined using the Black Scholes pricing model based on the following key assumptions:

| | |
|--|--------|
| Interest rate | 3.12% |
| Expected volatility of TMC's share price | 43.84% |

For the purpose of illustrating Proforma I, the Rights Shares and Warrants are recorded at the par value of RM0.10 per Rights Share and the fair value of RM0.07 per Warrant respectively. The remaining balance is credited into share premium account.

Upon completion of the Proposed Rights Issue, the issued and paid-up share capital of TMC will be increased to RM80,237,000 and the share premium will be increased to RM33,296,000. Correspondingly, there will be a creation of a warrants reserve of RM28,083,000 based on the fair value of RM0.07 per Warrant.

Proforma II

The exercise of 401,186,500 Warrants is based on an exercise price of RM0.40 per Warrant. The exercise will generate total gross cash proceeds of RM160,474,000. Pursuant to the exercise of the 401,186,500 Warrants, 401,186,500 new TMC shares will be issued and this will increase the issued and paid-up share capital and share premium account by RM40,119,000 and RM120,355,000 respectively with no additional expenses incurred. The warrants reserve of RM28,083,000 will be transferred to share premium account.



APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)

TMC LIFE SCIENCES BERHAD (624409 - A)
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

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 identification only.
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 BDO (AF0206)
 Chartered Accountants
 Kuala Lumpur

3. Cash and bank balances

The movements in the cash and bank balances are as follows:

| | |
|---|----------------|
| | RM'000 |
| As at 31 May 2011 | 2,248 |
| Arising from the Proposed Rights Issue | 60,178 |
| Expected repayment of borrowings | (38,960) |
| Expected capital expenditure to be incurred | (10,000) |
| Estimated expenses in relation to the Proposed Rights Issue | (1,000) |
| As per Proforma I | 12,466 |
| Arising upon exercise of the Warrants | 160,474 |
| As per Proforma II | 172,940 |

4. Share capital

The movements in the share capital are as follows:

| | Ordinary shares of RM0.10 each | |
|--|--------------------------------|----------------|
| | Unit ('000) | RM'000 |
| As at 31 May 2011 | 601,780 | 60,178 |
| Issued pursuant to the Proposed Rights Issue | 200,593 | 20,059 |
| As per Proforma I | 802,373 | 80,237 |
| Issued upon exercise of the Warrants | 401,187 | 40,119 |
| As per Proforma II | 1,203,560 | 120,356 |

5. Share premium

The movements in the share premium are as follows:

| | |
|--|----------------|
| | RM'000 |
| As at 31 May 2011 | 21,752 |
| Proceeds from the Proposed Rights Issue | 60,178 |
| Issuance of share capital pursuant to the Proposed Rights Issue | (20,059) |
| Creation of warrants reserve | (28,083) |
| Payment of estimated cost directly attributable to the issuance of share capital | (492) |
| As per Proforma I | 33,296 |
| Arising upon exercise of the Warrants | 120,355 |
| Transfer from warrants reserve upon exercise of the Warrants | 28,083 |
| As per Proforma II | 181,734 |

**APPENDIX I – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TMC
AS AT 31 MAY 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)**

TMC LIFE SCIENCES BERHAD (624409 - A)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2011

6. Warrants reserve

The movements in the warrants reserve are as follows:

| | RM'000 |
|---|---------------|
| As at 31 May 2011 | - |
| Arising from the issuance of Warrants | 28,083 |
| As per Proforma I | 28,083 |
| Transfer to share premium account upon exercise of Warrants | (28,083) |
| As per Proforma II | - |



1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, TMC Group is not engaged in any material litigation, claims or arbitration, including those pending or threatened against TMC Group, either as plaintiff or defendant, which has a material effect on the financial position of TMC Group.

3. CONSENTS AND DECLARATIONS OF CONFLICT OF INTEREST**3.1 IPS**

IPS, being the adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

IPS is not aware of any circumstances that exist or is likely to exist that may result in a conflict of interest situation in relation to its role as adviser for the Proposals.

3.2 Messrs BDO

Messrs BDO being the Reporting Accountants for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Messrs BDO is not aware of any circumstances that exist or is likely to exist that may result in a conflict of interest situation in relation to its role as Reporting Accountants for the Proposals.

4. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred, which upon enforceable, will have an impact on the financial results/position of TMC Group.

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon being enforceable, may have a material impact on the financial results/position of TMC Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Mondays to Fridays at the Company's Registered Office at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's M&A;
- (ii) The audited consolidated financial statements of the Company for the FYE 31 December 2009 and FPE 31 May 2011;
- (iii) The letters of consent and declaration of interest referred to in Section 3 of this Appendix;
- (iv) The draft Deed Poll for the Warrants;
- (v) The proforma consolidated statements of financial position as at 31 May 2011 together with the Reporting Accountants' letter thereon dated 14 October 2011 referred to in Appendix I;
- (vi) The letter of resignation as Auditors from Messrs Crowe Horwath; and
- (vii) The letter of consent to act as Auditors from Messrs BDO.



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of TMC Life Sciences Berhad ("TMC" or the "Company") will be held at Auditorium (7th Floor), Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 8 November 2011 at 11 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 200,593,250 NEW ORDINARY SHARES OF RM0.10 EACH IN TMC LIFE SCIENCES BERHAD ("TMC" or "COMPANY") ("RIGHTS SHARES") TOGETHER WITH 401,186,500 FREE NEW DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH TWO (2) FREE WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD IN TMC AT AN ENTITLEMENT DATE TO BE DETERMINED BY THE DIRECTORS AND ANNOUNCED BY THE COMPANY LATER

"THAT subject to the passing of the Ordinary Resolution 2 and the approvals being obtained from the relevant authorities, the Directors be and are hereby authorised to provisionally issue and allot 200,593,250 new ordinary shares of RM0.10 each in the Company ("Rights Shares") together with 401,186,500 free new detachable warrants ("Warrants") at an issue price of RM0.30 per Rights Share, to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined by the Directors, on the basis of one (1) Rights Share together with two (2) free Warrants for every three (3) existing ordinary shares of RM0.10 each ("TMC Shares") held in the Company ("Proposed Rights Issue").

THAT the Rights Shares shall upon allotment and issue thereof, rank pari passu in all respects with the then existing TMC shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the Rights Shares.

THAT such further new TMC Shares to be issued arising from the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the then existing TMC shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the new shares in TMC to be issued upon exercise of the Warrants.

THAT the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares with Warrants arising from the Proposed Rights Issue, which are not allotted for any reason whatsoever, in such manner as the Directors may in their discretion deem fit and expedient.

THAT the Directors be and are hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any condition, modification, variation and/or amendment as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Rights Issue.

THAT the Directors be and are hereby authorised with full power to allot and issue such further Warrants and new TMC Shares arising from any exercise of such further Warrants by the Warrant holders or pursuant to any adjustment in the number of Warrants which may be carried out in accordance with the Deed Poll and/or as may be required by the relevant authorities.

AND THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll.”

ORDINARY RESOLUTION 2

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL FROM RM100,000,000 COMPRISING 1,000,000,000 ORDINARY SHARES OF RM0.10 EACH TO RM200,000,000 COMPRISING 2,000,000,000 ORDINARY SHARES OF RM0.10 EACH

“**THAT** subject to the passing of the Ordinary Resolution 1, the authorised share capital of the Company be and is hereby increased from RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each to RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each by the creation of an additional 1,000,000,000 new ordinary shares of RM0.10 each and that the Memorandum and Articles of Association of the Company and all other documents be and are hereby amended accordingly.”

ORDINARY RESOLUTION 3

PROPOSED APPOINTMENT OF AUDITORS

“**THAT** the resignation of Messrs Crowe Horwath as Auditors of the Company be and is hereby accepted; and in place thereof, Messrs BDO having consented to act, be and is hereby appointed as Auditors of the Company for the financial year ending 31 May 2012 and to hold office until the conclusion of the next Annual General Meeting of the Company

AND THAT authority be and is hereby given for the Directors to determine their remuneration.”

By Order of the Board

**SEOW FEI SAN
MICHELE NG PEK YIN**
Company Secretaries
Selangor Darul Ehsan
22 October 2011

Notes:

- (1) *A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- (2) *A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, and in the case of a corporation, it must be executed either under its common seal or under the hand of its attorney.*
- (4) *The instrument appointing a proxy must be deposited at the Company's Registered Office at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*



TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We _____ NRIC/Co. No. _____

(Please Use Block Capitals)

of _____

(Full Address)

being (a) members of **TMC LIFE SCIENCES BERHAD** hereby appoint _____

(Full Name)

NRIC No _____ of _____

(Full Address)

or failing him/her, _____ NRIC No _____

(Full Name)

of _____

(Full Address)

as my/our proxy to vote for me/us and if necessary to demand a poll at the Extraordinary General Meeting of the Company to be held at Auditorium (7th Floor), Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 8 November 2011 at 11 a.m. and at any adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any matter arising at the Meeting.

| | | FOR | AGAINST |
|-----------------------|---|-----|---------|
| ORDINARY RESOLUTION 1 | PROPOSED RIGHTS ISSUE | | |
| ORDINARY RESOLUTION 2 | PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL | | |
| ORDINARY RESOLUTION 3 | PROPOSED APPOINTMENT OF AUDITORS | | |

Dated this _____ day of _____ 2011

| | |
|-----------------------|--|
| Number of shares held | |
| CDS Account No. | |

Signature of Member(s)

Telephone No./ Handphone No.

Notes:

- (1) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (2) A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, and in the case of a corporation, it must be executed either under its common seal or under the hand of its attorney.
- (4) The instrument appointing a proxy must be deposited at the Company's Registered Office at 312, 3rd Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
TMC LIFE SCIENCES BERHAD
312, 3RD FLOOR, BLOCK C, KELANA SQUARE
17 JALAN SS7/26
47301 PETALING JAYA
SELANGOR DARUL EHSAN

1st fold here
