

## 5.6 Risk factors in relation to the Proposed Acquisition

Section 7, Part A of this Circular sets out the risk factors in relation to the Proposed Acquisition. We view the following specific risks relating to the Proposed Acquisition and the Proposed Medical Project to be significant and should be considered by the non-interested shareholders:

### (i) Non-completion of the Proposed Acquisition

As set out in Section 7, Part A of this Circular, the completion of the Proposed Acquisition is subject to the fulfilment of the Conditions Precedent, which may be beyond the control of TMC. In the event any of the Conditions Precedent is not fulfilled or waived, the SPA will lapse and TMC will not be able to complete the Proposed Acquisition.

In addition, the non-interested shareholders should note that the SPA may be terminated under various circumstances provided in the SPA, including but not limited to, the material breach of warranties / pre-Closing undertakings / Closing obligations by the Vendor as well as the compulsory acquisition of the Land by the Government pursuant to the Land Acquisition Act, 1960 ("**Land Act**") prior to the Closing.

For further details on events leading to the termination of the SPA, please refer to our assessment in Section 5.3 of this IAL.

### (ii) Implementation risk in relation to the Proposed Medical Project

The non-interested shareholders should note that an important consideration in deriving the net present value of the Proposed Medical Project (*as set out in Section 5.2.1 of this IAL*) is the quantum and timing of the expected cash flows to be generated from the Proposed Medical Project, the successful implementation of which may be hindered by the following risks:

- (a) compulsory acquisition of the Land by the Government pursuant to the Land Act;
- (b) interruption, delay or cost overrun in construction and completion of the Proposed Medical Project; and
- (c) withdrawal of or failure / delay in obtaining the relevant approvals for the Proposed Medical Project.

Nonetheless, we note that BB Waterfront had been diligently liaising with the relevant authorities for their approvals and had obtained a zoning approval from the MOH via a letter dated 7 July 2014 whereby the MOH had granted an approval-in-principle to BB Waterfront for the establishment of a purpose-built private hospital for the provision of multi-disciplinary healthcare services with a capacity to house 272 beds on the Land subject to the condition that BB Waterfront shall submit a formal application for the approval to establish and maintain a private healthcare facility or service to the MOH within six (6) months from 7 July 2014. The MOH had via a letter dated 16 December 2014 extended the period for the submission of the formal application until 6 January 2016.

### (iii) Financing risk

The Proposed Acquisition will be satisfied via the issuance of Consideration Shares and Consideration Warrants. However, upon the completion of the Proposed Acquisition, the Group intends to fund the Proposed Medical Project through, amongst others, borrowings, internally generated funds, sales of medical suites and/or fund raising exercise.

Depending on the cash flow position and the funding requirement of the Group, TMC may potentially need to secure new bank borrowings which may then increase its gearing to a significant level. Servicing such enlarged debt obligations will have a material impact on the cash flows of the Group and thus, limiting the availability of funds for other purposes (*including the distribution of dividends*).

Nonetheless, we wish to highlight that TMC will have 866,427,384 Warrants in issue upon completion of the Proposed Acquisition and the Proposed Bonus Issue of Warrants. Should these Warrants be exercised prior to their expiry on the fourth (4<sup>th</sup>) anniversary from their date of issuance, TMC may raise up to RM649.8 million which may then be utilised for the working capital requirements of the Group.

We wish to highlight that although measures may already be in place to limit and manage risks associated with the Proposed Acquisition and that certain risks are beyond the control of TMC, no assurance can be given that the benefits from the Proposed Acquisition will be realised.

Nonetheless, in view that the Group is principally involved in the operations of a private general hospital and clinics offering fertility treatment, the business risk profile of TMC will not change significantly upon the completion of the Proposed Acquisition.

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5.7

Other considerations in relation to the Proposed Acquisition

As set out in Section 4, Part A of this Circular, we note that there are subsisting agreements between BB Waterfront with its related parties i.e. Thomson International, TISB and RSP Architects ("Agreements") as follows:

	First Hospital Consultancy Agreement	Second Hospital Consultancy Agreement	RSP Memorandum	Hospital Agreement	Management
<b>Date of agreement</b>	31 December 2013	30 January 2015	10 February 2014	30 January 2015	
<b>Parties to the agreement</b>	(i) BB Waterfront (ii) Thomson International	(i) BB Waterfront (ii) TISB	(i) BB Waterfront (ii) RSP Architects	(i) BB Waterfront (ii) Thomson International	
<b>Nature of services</b>	Appointment of Thomson International as a contractor to act as the project consultant in relation to the provision of the hospital planning and design brief, management, medical equipment advisory and operational resource planning services in respect of the Proposed Medical Project.	Appointment of TISB as a contractor to act as the project consultant in relation to the provision of project medical management, advisory and commissioning services in respect of the Proposed Medical Project.	Appointment of RSP Architects to provide professional architectural, civil and structural engineering and through sub-consultants, mechanical and electrical engineering, interior design, landscape design, signage and way-finding, façade design, traffic impact assessment and land surveying services in relation to the Proposed Medical Project ("Basic Services").  RSP Architects may, as and when the circumstances require or when requested by BB Waterfront, be required to perform additional services such as, amongst others, amending or revising of designs pursuant to changes in client's instructions, laws, statutory or other regulations, providing advice on sites, conducting inspection of buildings, preparing schedules of dilapidations, participating in negotiations in connection with applications for amongst others planning or building approval, assisting in disputes / differences ("Additional Services").	Appointment of Thomson International as a contractor to act as the management consultant to manage the operations of the hospital.	

	First Hospital Consultancy Agreement	Second Hospital Consultancy Agreement	RSP Memorandum	Hospital Management Agreement
<b>Fees / Considerations payable</b>	For the consultancy services, a fixed fee and a percentage calculated on the basis of certain associated costs such as construction and equipment costs.	For the consultancy services, a percentage calculated on the basis of certain associated costs such as construction and equipment costs.	For the Basic Services, a percentage calculated on the basis of certain construction costs and a further lump sum fee ( <i>to be based on the fee quotes from other sub-contractors for the services</i> ) to be agreed between RSP Architects and BB Waterfront for the provision of the traffic impact assessment, way-finding and signage design consultancy, interior design consultancy, façade design consultancy and land surveying services.  For the Additional Services, an amount based on the scale of charges of the respective staff / personnel of RSP Architects.	For the management services, a percentage calculated on the basis of certain determinants such as expenses incurred or profit made in each financial year and a fixed retainer fee for an initial term of five (5) years (" <b>Initial Term</b> ").  For the use of Thomson mark for the Proposed Medical Project upon execution of a licence agreement to be entered into between BB Waterfront and Thomson International, a monthly fee pursuant to the said licence agreement.
<b>Estimated amount (approximately)</b>	RM12 million to RM15 million.  The anticipated costs and the consideration cannot be accurately ascertained at this juncture as these are dependent on, amongst others, the actual cost of construction, acquisition of equipment and subject to pricing, currency fluctuation and other factors.	RM8 million to RM12 million.  The anticipated costs and the consideration cannot be accurately ascertained at this juncture as these are dependent on, amongst others, the actual cost of construction, acquisition of equipment and subject to pricing, currency fluctuation and other factors.	RM30 million to RM40 million for both Basic Services and Additional Services.  The anticipated costs ( <i>including the extent of Additional Services which may be required</i> ) and the consideration cannot be accurately ascertained at this juncture as these are dependent on, amongst others, the actual costs to be incurred and/or the actual time spent by the staff / personnel of RSP Architects and subject to pricing and other factors. Similarly, the fee for the Additional Services cannot be ascertained at this juncture as it is not known if these additional services would be required and if required, the extent of services which may be required.	RM200 million to RM220 million for the management services ( <i>including retainer fee</i> ) for the ten (10)-year period of hospital operations.  However, the fee for the management services cannot be accurately ascertained at this juncture and is subject to change as the fee is dependent on determinants such as expenses incurred or profit made in each financial year which cannot be accurately ascertained at this juncture.  The total retainer fee for the Initial Term is approximately RM1.4 million.

In reciprocal for the payment of the relevant fees and other considerations payable pursuant to the Agreements, BB Waterfront will benefit from the experience and expertise of:

- (i) Thomson International, TISB and RSP Architects during the planning, design and construction phase of the Proposed Medical Project; and
- (ii) Thomson International in the management of the Iskandariah Hospital upon commencement of its operations.

We would like to highlight the following experience and credentials of the said professional consultants to the non-interested shareholders:

- (i) TISB is a subsidiary of Thomson International, which itself is a subsidiary of Thomson Medical. Incorporated in 1977, Thomson Medical is one of Singapore's leading providers of healthcare services for women and children. It owns and operates Thomson Medical Centre, a fully integrated hospital that provides a comprehensive range of facilities and services with focus in obstetrics, gynaecology and paediatric services.
- (ii) Thomson International is the regional consultancy and development arm of Thomson Medical. It explores strategic partnerships and provides a comprehensive range of consultancy and management services to healthcare projects in the region. Its past experience in the provision of hospital consultancy and management services may be proven as follows:
  - (a) its appointment as the hospital consultant for the Hanh Phuc International Women and Children Hospital, a 250-bed private hospital in Binh Duong Province, Vietnam. The role of its engagement encompasses hospital planning and design brief, design development and project management, technical advisory services, operational resource planning, and hospital commissioning (*Source: Announcement made by Thomson Medical Centre Limited, a company previously listed on the Singapore Exchange, on 26 October 2005*);
  - (b) the signing of hospital management agreement with Hanh Phuc International Women and Children Hospital Joint Stock Company, to manage the Hanh Phuc International Women and Children Hospital, of which the scope of services include operation management, development of policies and procedures, financial management, human resource management, marketing and business strategies (*Source: Announcement made by Thomson Medical Centre Limited, a company previously listed on the Singapore Exchange, on 28 November 2006*); and
  - (c) the entering into a memorandum of understanding and an agreement to establish a business plan in respect of the proposed development of a women's and children's hospital in Hanoi, Vietnam with Hanh Phuc International Women and Children Hospital Joint Stock Company (*Source: Announcement made by Thomson Medical Centre Limited, a company previously listed on the Singapore Exchange, on 15 September 2008*).

- (iii) Started out as a partnership known as "Raglan Squire and Partners" in London in 1950 and in Singapore in 1956, RSP Architects (*a wholly-owned subsidiary of Rowsley, a company listed on the Singapore Exchange*) is one of the largest and most established architecture practices in Singapore with business presence in various other countries including China, Vietnam, United Arab Emirates and Africa. Over the years, its commitment to service and quality has led the company to win numerous prestigious awards within the industry including President's Design Award Singapore, BCI Asia Top 10 Architectural Firms, SPM Outstanding Architectural Firm Award and BCA Built Environment Leadership Award (*Source: Circular issued by Rowsley on 20 August 2013*).

We have also reviewed the terms and conditions contained in the Agreements, of which we view as reasonable as they are on normal commercial terms.

## 6. CONCLUSION AND RECOMMENDATION

Before arriving at the decision to vote on the resolution to give effect to the Proposed Acquisition at the forthcoming EGM of the Company, it is imperative that the non-interested shareholders of TMC consider all relevant issues and implications raised in this IAL carefully, as well as those highlighted by the Board in its letter to shareholders of TMC in relation to the Proposed Acquisition, as set out in Part A of this Circular.

In our evaluation of the Proposed Acquisition and in arriving at our opinion and recommendation, we have taken into consideration the pertinent factors highlighted in the preceding Sections of this IAL as summarised below:

Consideration factors	Section	Our evaluation						
(i) Rationale for the Proposed Acquisition	5.1	<p>The rationale for the Proposed Acquisition is reasonable as:</p> <p>(i) it represents a strategic opportunity for TMC to expand its hospital operations beyond the Klang Valley into Johor to tap into the strong demand for quality and affordable healthcare in the Iskandar Malaysia development region as well as the medical tourism from Singapore and the region; and</p> <p>(ii) in view of the prime location of the Land and the strategic collaboration with Thomson Medical (<i>being a well-established brand name in the healthcare market in Singapore</i>), the Proposed Acquisition is expected to contribute positively to the financial performance of the Group over the long term.</p>						
(ii) Basis and justification for the Purchase Consideration, Issue Price and Exercise Price	5.2	<p>We view the Purchase Consideration, Issue Price and Exercise Price as fair based on our evaluation below:</p> <p>(i) <u>Evaluation of the Purchase Consideration</u></p> <p>Our evaluation of the Purchase Consideration is based on the DCF valuation model, the findings of which are as follows:</p> <table border="1"> <thead> <tr> <th>Valuation methodology</th> <th>Minimum fair value (RM'mil)</th> <th>Maximum fair value (RM'mil)</th> </tr> </thead> <tbody> <tr> <td>DCF</td> <td>841.4</td> <td>930.0</td> </tr> </tbody> </table> <p>The Purchase Consideration of RM400.0 million represents a discount of between 52% and 57% over the net present value of the Proposed Medical Project to be derived by TMC.</p>	Valuation methodology	Minimum fair value (RM'mil)	Maximum fair value (RM'mil)	DCF	841.4	930.0
Valuation methodology	Minimum fair value (RM'mil)	Maximum fair value (RM'mil)						
DCF	841.4	930.0						

Consideration factors	Section	Our evaluation
		<p>(ii) <u>Evaluation of the Issue Price / Exercise Price</u></p> <p>The Issue Price / Exercise Price:</p> <ul style="list-style-type: none"> <li>(a) is the highest of the historical closing / traded market prices since the listing of TMC on 6 October 2005 up to the LFTD;</li> <li>(b) represents a premium of between 15.4% and 40.7% over the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of the TMC Shares up to the LFTD;</li> <li>(c) implies trading multiples which are the highest against the historical trading multiples of TMC for the past twelve (12) months up to the LFTD; and</li> <li>(d) represents significant premiums of at least 300% over the unaudited consolidated NA per TMC Share as at 28 February 2015 as well as the audited consolidated NA per TMC Share as at 31 May 2013 and 31 May 2014,</li> </ul> <p>thus, minimising the dilution of the equity interest held by the non-interested shareholders of TMC.</p>
(iii) Salient terms and conditions of the SPA	5.3	The salient terms and conditions of the SPA are reasonable and are not detrimental to the non-interested shareholders of TMC.
(iv) Financial effects of the Proposed Acquisition	5.4	<p>The overall financial effects of the Proposed Acquisition are positive and are not detrimental to the interests of the non-interested shareholders of TMC.</p> <p>However, the non-interested shareholders should consider that:</p> <ul style="list-style-type: none"> <li>(i) upon the completion of the Proposed Acquisition, the Group intends to fund the Proposed Medical Project through, amongst others, borrowings, internally generated funds, sales of medical suites and/or fund raising exercise. Depending on the cash flow position and the funding requirement of the Group, TMC may potentially need to secure new bank borrowings which may then increase its gearing to a significant level; and</li> <li>(ii) in view of the construction period for the Proposed Medical Project as well as the gestation period for the hospital to reach an optimal operating level for it to become profitable, there will not be any immediate material contribution to the consolidated earnings of TMC for the FYE 31 May 2015. However, the consolidated EPS of TMC is expected to be diluted immediately as a result of the increase in the number of TMC Shares in issue. Nonetheless, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group over the long term.</li> </ul>

Consideration factors	Section	Our evaluation
(v) Industry outlook and future prospects of the enlarged TMC Group in the healthcare sector	5.5	<p>The healthcare industry in Malaysia is expected to continue growing, driven by amongst others, attractiveness of Malaysia as a medical tourism destination as well as various initiatives of the Government in promoting the healthcare industry in Malaysia.</p> <p>In view of the close proximity of Iskandar Malaysia development region with Singapore and the strategic collaboration between BB Waterfront and Thomson International, the Proposed Medical Project will stand to benefit from the positive prospects of the healthcare industry in the region upon its completion by late 2018.</p>
(vi) Risk factors in relation to the Proposed Acquisition	5.6	<p>The risk factors pertaining to the Proposed Acquisition are highlighted in Section 7, Part A of this Circular and Section 5.6 of this IAL.</p> <p>In view that the Group is principally involved in the operations of a private general hospital and clinics offering fertility treatment, the business risk profile of TMC will not change significantly upon the completion of the Proposed Acquisition.</p>
(vii) Other considerations in relation to the Proposed Acquisition	5.7	<p>With the Agreements, the Group will benefit from the experience and expertise of professional consultants during the planning and construction phase of the Proposed Medical Project as well as in the management of the Iskandariah Hospital upon commencement of its operations.</p>

Based on the above, we are of the opinion that, on the basis of the information available to us, the terms and conditions of the Proposed Acquisition are **fair and reasonable** and are **not detrimental** to the non-interested shareholders of TMC.

Accordingly, we recommend that the non-interested shareholders of TMC **vote in favour** of the resolution to give effect to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

Yours faithfully  
For and on behalf of  
**MERCURY SECURITIES SDN BHD**

**CHEW SING GUAN**  
Managing Director

**DENIS LIM**  
Director / Head of Corporate Finance



## BACKGROUND INFORMATION ON BB WATERFRONT

### 1. HISTORY AND BUSINESS

BB Waterfront was incorporated as a private limited company under the Act on 20 October 2010 in Malaysia under the name of Vantage Bay Sdn. Bhd. It assumed its present name on 28 October 2013.

The principal activity of BB Waterfront is investment holding. BB Waterfront will be involved in the provision of healthcare services upon completion of the Proposed Medical Project.

### 2. SHARE CAPITAL

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

	No. of BB Waterfront Shares	Par value	Amount
		(RM)	(RM)
Authorised share capital	1,000,000	1.00	1,000,000
Issued and paid-up share capital	1,000,000	1.00	1,000,000

### 3. DIRECTORS

The Directors of BB Waterfront and their respective shareholdings in BB Waterfront as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of BB Waterfront Shares	%	No. of BB Waterfront Shares	%
Duli Yang Amat Mulia Tunku Ismail Ibni Sultan Ibrahim	Malaysian	-	-	1,000,000 <sup>(1)</sup>	100
Yang Amat Mulia Tunku Idris Ibni Sultan Ibrahim Ismail	Malaysian	-	-	-	-
Tan Chor Kher, Terry	Singaporean	-	-	-	-
Kan Kheong Ng	Malaysian	-	-	-	-
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	Malaysian	-	-	-	-

**Note:**

<sup>(1)</sup> Deemed interested by virtue of his shareholding in Best Blend pursuant to Section 6A of the Act.

**BACKGROUND INFORMATION ON BB WATERFRONT (Cont'd)**
**4. SUBSTANTIAL SHAREHOLDER**

The shareholder of BB Waterfront and its shareholding in BB Waterfront as at the LPD is as follows:

Name	Direct		Indirect	
	No. of BB Waterfront Shares	%	No. of BB Waterfront Shares	%
Best Blend	1,000,000	100.0	-	-
Incanto	-	-	100 <sup>(1)</sup>	100.0
Duli Yang Amat Mulia Tunku Ismail Ibni Sultan Ibrahim	-	-	100 <sup>(1)</sup>	100.0
Lim Eng Hock	-	-	100 <sup>(2)</sup>	100.0

**Notes:**

<sup>(1)</sup> Deemed interested by virtue of its/his shareholding in Best Blend, pursuant to Section 6A of the Act.

<sup>(2)</sup> Deemed interested by virtue of his shareholding in Incanto, pursuant to Section 6A of the Act.

**5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, BB Waterfront does not have any subsidiaries or associated companies.

**6. FINANCIAL INFORMATION**

The summary financial information of BB Waterfront based on its audited financial statements for the financial period from 20 October 2010 to 31 March 2012 ("**FPE 31 March 2012**"), FYE 31 March 2013, FYE 31 March 2014 and its unaudited financial statements for the FPE 31 December 2014 is as follows:

	Audited			Unaudited
	FPE 31 March	FYE 31 March		FPE 31 December
	2012	2013	2014	2014
	RM	RM	RM	RM
Revenue	-	-	-	-
Other operating income	-	-	740,627,193	56,806
(Loss) / Profit before tax	(2,811,962)	(6,944,592)	736,602,870	209,935
(Loss) / PAT	(2,811,962)	(6,944,592)	736,602,870	209,935
Shareholders' (deficit)/equity	(1,811,962)	(8,756,554)	37,560,900	37,770,835
(Net liabilities) / NA per BB Waterfront Share	(1.81)	(8.76)	37.56	37.77
Total borrowings	188,960,545	194,332,943	1,165,342	-
Paid-up capital <sup>(1)</sup>	1,000,000	1,000,000	1,000,000	1,000,000
(Loss) / Earnings per BB Waterfront Share	(2.81)	(6.94)	736.6	0.21
Gearing (times) <sup>(2)</sup>	-	-	-	-
Current ratio (times) <sup>(3)</sup>	3.77	0.21	3.97	56.95

**BACKGROUND INFORMATION ON BB WATERFRONT (Cont'd)****Notes:**

- <sup>(1)</sup> Proceeds from the issuance of BB Waterfront Shares have been utilised for administrative and operational expenses.
- <sup>(2)</sup> Not applicable as the total borrowings of BB Waterfront consists of loan and/or advances from the immediate holding company that are unsecured, non-interest bearing and have no fixed term of repayment.
- <sup>(3)</sup> Calculated as current assets divided by current liabilities.

There were no audit qualifications for the financial statements of BB Waterfront for the FPE 31 March 2012, FYE 31 March 2013 and FYE 31 March 2014. The auditors of BB Waterfront had opined that the financial statements of BB Waterfront for the FPE 31 March 2012, FYE 31 March 2013 and FYE 31 March 2014 provide a true and fair view of the financial position of BB Waterfront and its financial performance and cash flows for the respective years in accordance with Private Entity Reporting Standards and the requirements of the Act. There are no accounting policies adopted by BB Waterfront which are peculiar taking into consideration the nature of the business or the industry in which it is involved.

**Commentaries on financial performance:**

For the FPE 31 March 2012 and FYE 31 March 2013, the losses incurred are mainly due to the unrealised loss on foreign currency exchange arising from the conversion of advances from BB Waterfront's holding company denominated in foreign currency.

For the FYE 31 March 2014, BB Waterfront recognised an unrealised gain on foreign currency exchange of RM3.2 million arising from the retranslation of advances from its holding company denominated in foreign currency and a gain on disposal of freehold land of RM737.4 million. The gain on disposal of freehold land of RM737.4 million (net of incidental expenses on the disposal of RM0.2 million) was due to a sale and purchase agreement entered into on 3 February 2013 between BB Waterfront and Rowsley, a related party, to dispose part of the two (2) pieces of freehold land measuring approximately 92,310 square metres with a carrying amount of RM157.4 million for a total consideration of SGD358.0 million (equivalent to approximately RM895.0 million). The consideration was settled by the issuance of 2,386,666,666 ordinary shares in Rowsley ("**Rowsley Share**") at an issue price of SGD0.15 per Rowsley Share. All the Rowsley Shares received were utilised by BB Waterfront whereby, RM690.3 million were distributed as dividend-in-specie to Best Blend and RM204.7 million were transferred to Best Blend to repay loans and advances from it. BB Waterfront also recognised a realised loss on foreign currency exchange of RM3.3 million mainly due to repayment of loans to Best Blend.

For the FPE 31 December 2014, other operating income comprises interest income of RM56,806 from accumulated cash and cash equivalent which comprises of mainly fixed deposit of RM2.5 million. The profit before tax for the FPE 31 December 2014 amounting to RM0.2 million was mainly due to interest income and reversal of accrued expenses.

BB Waterfront has negative shareholders' equity as at 31 March 2012 and 2013 primarily due to the accumulated losses incurred since inception. For the FYE 31 March 2014 and FPE 31 December 2014, BB Waterfront has positive shareholders' equity as a result of the gain on disposal of freehold land.

The current ratio of BB Waterfront increased to 56.95 times for the FPE 31 December 2014 primarily due to an increase in cash and cash equivalent as a result of repayment from BB Waterfront's holding company as well as a decrease in current liabilities which comprises of other payables, accruals and advancement from holding company.

**7. MATERIAL CONTRACTS**

BB Waterfront has not entered into any material contracts (not being contracts entered into the ordinary course of business) within two (2) years preceding the date of this Circular.

**BACKGROUND INFORMATION ON BB WATERFRONT (Cont'd)**

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**8. MATERIAL LITIGATION**

As at the LPD, BB Waterfront is not engaged or involved in any litigation, claims and/or arbitration, either as plaintiff or defendant and the Board of BB Waterfront is not aware of any proceedings, pending or threatened, against BB Waterfront or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of BB Waterfront.

**9. MATERIAL COMMITMENT AND CONTINGENT LIABILITIES**

As at the LPD, save for the following:

- (i) First Hospital Consultancy Agreement;
- (ii) Second Hospital Consultancy Agreement;
- (iii) RSP Memorandum;
- (iv) Hospital Management Agreement; and
- (v) a memorandum of agreement dated 10 February 2014 entered into with KPK Quantity Surveyors (Semenanjung) Sdn. Bhd. for the provision of quantity surveying services in respect of the Proposed Medical Project,

there is no material commitment, incurred or known to be incurred by BB Waterfront and there is no contingent liabilities which, upon becoming enforceable, may materially affect the financial position of BB Waterfront.

**10. MATERIAL ASSET OWNED**

Save for the Land, BB Waterfront does not own any other material assets.

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## SALIENT TERMS OF THE WARRANTS

Issuer	:	TMC
Issue size	:	Collectively, 866,427,384 Warrants comprising 266,666,666 Consideration Warrants and 599,760,718 Bonus Warrants
Issue price	:	The Consideration Warrants and Bonus Warrants are issued at no cost to the Vendor and Entitled Shareholders respectively on the following basis: <ul style="list-style-type: none"> <li>(i) Consideration Warrants: One (1) Consideration Warrant for every two (2) Consideration Shares</li> <li>(ii) Bonus Warrants: One (1) Bonus Warrant for every two (2) Shares held</li> </ul>
Form and denomination	:	The Warrants will be issued in registered form and constituted by the Deed Poll
Tenure	:	Four (4) years from and inclusive of the date of issuance of the Warrants
Exercise Period	:	The Warrants may be exercised at any time within four (4) years commencing on and including the date of issuance of the Warrants and ending at 5.00 p.m. on the date preceding the fourth (4th) anniversary of the date of issuance, or if such day is not a market day, then it shall be the market day immediately preceding the said non-market day.  Any Warrant not exercised during the exercise period will thereafter lapse and cease to be valid
Exercise Price	:	RM0.75 per Warrant
Mode of exercise	:	The Warrant holders are required to lodge a subscription form, as set out in the Deed Poll, with the Company's share registrar, duly completed, signed and stamped together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
Entitlement	:	Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder to subscribe for one (1) new TMC Share at the Exercise Price during the Exercise Period
Ranking of new TMC Shares upon exercise of the Warrants	:	The new TMC Shares to be issued upon exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing TMC Shares and any other Shares issued by the Company, save and except that they will not be entitled to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new TMC Shares to be allotted and issued pursuant to the exercise of the Warrants
Rights of Warrant holders	:	The Warrant 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 are issued with new Shares upon exercise of the Warrants

**SALIENT TERMS OF THE WARRANTS** *(Cont'd)*


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- Rights of Warrant holders in the event of winding up, liquidation, compromise and/or arrangement of the Company : Where a resolution has been passed for a members' voluntary winding-up of the Company or where 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:
- (i) for the purposes of such winding-up or compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purpose by special resolution, shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; and
  - (ii) in any other case, every Warrant holder shall be entitled within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to the Company, to exercise his Warrants and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding-up, compromise or arrangement. If the Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution or six (6) weeks after the granting of the court order approving the compromise or arrangement, shall lapse and the Warrants shall cease to be valid for any purpose
- Adjustments in the Exercise Price and/or number of Warrants : The Exercise Price and/or number of Warrants in issue may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll
- 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.
- Board lot : For the purposes of trading on Bursa Securities, one (1) board lot of Warrants shall comprise 100 units of Warrants carrying the rights to subscribe for 100 new TMC Shares at any time during the Exercise Period (as described above), or such denomination as determined by Bursa Securities
- Deed Poll : The Warrants shall be constituted by the Deed Poll to be executed by the Company
- Modification : The Company may, without the consent of the Warrant holders but in accordance with the terms of the Deed Poll, effect:
- (a) any modification to the Warrants or the Deed Poll which, in its opinion, is not materially prejudicial to the interests of the Warrant holders;
  - (b) any modification to the Warrants or the Deed Poll which, in its opinion, is to correct a manifest error or to comply with mandatory provisions of Malaysian law; and/or

SALIENT TERMS OF THE WARRANTS *(Cont'd)*

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- (c) any modification to the Warrants or the Deed Poll which, in its opinion, is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Shares arising from the exercise thereof or meetings of the Warrant holders in order to facilitate trading in or the exercise of the Warrants or in connection with the book-entry (script less) settlement system in respect of trades of the Company's securities on the Main Market of Bursa Securities, provided that such modification is not materially prejudicial to the interests of the Warrant holders, and

any such modification shall be binding on the Warrant holders and shall be notified to them in accordance with conditions of the Warrants as soon as practicable thereafter.

Subject to the above, any modification, amendment, deletion or addition to the Deed Poll may be effected only by Deed Poll, executed by the Company and expressed to be supplemental thereto, and only if it shall first have been sanctioned by an extraordinary resolution of the Warrant holders.

Governing law : Laws of Malaysia

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## ACCOUNTANTS' REPORT ON BB WATERFRONT



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 1008 Jalan Sultan Ismail  
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 Malaysia

**ACCOUNTANTS' REPORT**

(Prepared for inclusion in the Circular to Shareholders of TMC Life Sciences Berhad)

The Board of Directors  
**TMC LIFE SCIENCES BERHAD**  
 7th Floor, Tropicana Medical Centre,  
 11, Jalan Teknologi,  
 Taman Sains Selangor 1,  
 PJU 5, Kota Damansara,  
 47810 Petaling Jaya,  
 Selangor Darul Ehsan.

Date: 30 April 2015  
 Our ref: BDO/RB/HKK

Dear Sirs,

**TMC LIFE SCIENCES BERHAD ("TMC" OR THE "COMPANY") AND ITS SUBSIDIARIES ("TMC GROUP" OR THE "GROUP")  
 ACCOUNTANTS' REPORT**

**1.0 INTRODUCTION**

This Accountants' Report ("Report") has been prepared by an approved company auditor for inclusion in the Circular to Shareholders of TMC ("Circular") to be issued in connection with, inter-alia, the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each, representing the entire equity interest of BB Waterfront Sdn. Bhd. ("BB Waterfront") for a purchase consideration of RM400,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in TMC ("Shares" or "TMC shares") ("Consideration Shares") at an issue price of RM0.75 per share, together with 266,666,666 free detachable warrants ("Consideration Warrants") on the basis of one (1) Consideration Warrant for every two (2) Consideration Shares ("Proposed Acquisition"), and should not be relied on for any other purposes. The details of the Proposed Acquisition are disclosed in Section 3.0 of the Report.

**2.0 SCOPE OF WORK**

The Report covers areas specifically set out in the following sections. The scope of our work performed for the preparation of this Report does not constitute an audit and the information contained in this Report has not been independently verified by us.

The Report sets out the information provided to us by the management of TMC and BB Waterfront, extracted and compiled from the audited financial statements of BB Waterfront for the financial period from 20 October 2010, the date of incorporation to 31 March 2012 and two financial years ended ("FYE") 31 March 2013 and 31 March 2014 prepared in accordance with Private Entities Reporting Standards ("PERSs") in Malaysia, which have been adjusted to conform with Malaysian Financial Reporting Standards ("MFRSs").

We have obtained written confirmation from the management of BB Waterfront for the factual accuracy, attribution of opinion and the material completeness of representations given, both written and oral.





## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**3.0 DETAILS OF THE PROPOSED ACQUISITION**

On 6 February 2015, the Company announced that the Company had on even date, entered into a share sale and purchase agreement ("SPA") with Best Blend Sdn. Bhd. ("Best Blend" or "Vendor") for the Proposed Acquisition.

**4.0 GENERAL INFORMATION****4.1 Incorporation of BB Waterfront**

BB Waterfront (formerly known as Vantage Bay Sdn. Bhd.) was incorporated in Malaysia under the Companies Act, 1965 on 20 October 2010 as a private limited company. The registered office of BB Waterfront is located at 157A, Jalan Sri Pelangi, Taman Pelangi, 80400 Johor Bahru, Johor.

**4.2 Principal activity of BB Waterfront**

The principal activity of BB Waterfront is that of investment holding. There have been no significant changes in the nature of these activities during the financial period ended ("FPE") 31 March 2012 and FYE 31 March 2013 and 31 March 2014.

**5.0 SHARE CAPITAL OF BB WATERFRONT**

As at 31 March 2014, the authorised share capital of BB Waterfront was RM1,000,000, comprising of 1,000,000 ordinary shares of BB Waterfront of RM1.00 each.

The issued and paid up share capital of BB Waterfront as at 31 March 2014 was RM1,000,000, comprising of 1,000,000 ordinary shares of BB Waterfront of RM1.00 each.

**5.1 The authorised share capital from the date of incorporation to 31 March 2014 is as follows:**

Date of creation	Class of shares	Number of shares of RM1.00 each created	Total authorised share capital RM
20 October 2010 (date of incorporation)	Ordinary	100,000	100,000
FPE 31 March 2012	Ordinary	900,000	1,000,000
FYE 31 March 2013	Ordinary	-	1,000,000
FYE 31 March 2014	Ordinary	-	1,000,000

**5.2 The authorised and issued and paid-up share capital of BB Waterfront prior to the Proposed Acquisition is as follows:**

	Number of shares
<b>Ordinary shares of RM1.00 each:</b>	
Authorised	1,000,000
Issued and fully paid	1,000,000

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**6.0 DIVIDENDS IN-SPECIE**

There were no dividends paid, declared or proposed for the FPE 31 March 2012 and FYE 31 March 2013.

During the FYE 31 March 2014, the following dividends were declared and distributed in specie by BB Waterfront:

	RM
In respect of FYE 31 March 2014:	
First interim single tier dividend of 59,900% per ordinary share declared and distributed on 26 <sup>th</sup> September 2013 on the basis of 1,597.33 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	599,000,000
Second interim single tier dividend of 1,100% per ordinary share declared and distributed on 29 <sup>th</sup> October 2013 on the basis of 29.33 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	11,000,000
Third interim single tier dividend of 8,028.54% per ordinary share declared and distributed on 20 <sup>th</sup> March 2014 on the basis of 214.09 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	80,285,416
	690,285,416

The Directors did not propose any final dividend for the FYE 31 March 2014.

**7.0 RELEVANT FINANCIAL PERIOD/YEAR ENDS AND AUDITORS**

Set out below are the relevant financial period/years of the audited financial statements of BB Waterfront presented for the purpose of this Report ("Relevant Financial Period/Years") and the auditors of BB Waterfront for the Relevant Financial Period/Years respectively:

Company	Relevant Financial Period/Years	Auditors
BB Waterfront	FPE 31 March 2012	Baker Tilly HYT (formerly known as Huang Yan Teo & Co.)
	FYE 31 March 2013	Baker Tilly HYT (formerly known as Huang Yan Teo & Co.)
	FYE 31 March 2014	Baker Tilly HYT (formerly known as Huang Yan Teo & Co.)

The financial statements of BB Waterfront for the Relevant Financial Period/Years as above which were prepared in accordance with PERs in Malaysia were not subject to any audit qualification and did not contain any adverse comments by the auditors' under Section 174(3) of the Companies Act, 1965 in Malaysia.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****8.1 Basis of preparation**

The historical financial information of BB Waterfront for the FPE 31 March 2012, FYE 31 March 2013 and 31 March 2014, which have been previously prepared in accordance with PERs, have been extracted and compiled, based on the audited financial statements of BB Waterfront prepared under PERs for the respective financial period/years and, where appropriate, adjusted to conform with MFRSs. As stated in Section 12.0 to the compiled historical financial information, for the purpose of this Report, BB Waterfront adopted MFRSs to conform with the accounting policies of the TMC Group. These MFRSs were applied by the Directors of BB Waterfront ("Directors") to the historical financial information, the statements of financial position as at 31 March 2012 to 31 March 2014, the statements of comprehensive income for the FPE 31 March 2012, FYE 31 March 2013 and 31 March 2014, the statements of cash flows for the FPE 31 March 2012, FYE 31 March 2013 and 31 March 2014, and the related disclosures. Section 12.0 of the compiled historical financial information discloses the impact of the transition to MFRSs of BB Waterfront's compiled historical financial information, which includes statements of financial position and statements of comprehensive income.

The following accounting policies have been used consistently in dealing with items, which are considered material in relation to the historical financial information, unless otherwise stated.

The historical financial information of BB Waterfront is presented in Ringgit Malaysia ("RM"), which is also BB Waterfront's functional currency. All financial information presented in RM, unless otherwise stated.

**8.2 Basis of accounting**

The historical financial information of BB Waterfront has been prepared under the historical cost convention except as otherwise stated in the historical financial information.

The compilation of historical financial information in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Section 9.0 of the Report. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**8.3 Property, plant and equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to BB Waterfront and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which BB Waterfront is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and accumulated impairment losses, if any.



## 8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 8.3 Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of the assets to their residual value on a straight-line basis over their estimated useful lives.

Freehold land has unlimited useful life and is not depreciated. Assets under construction are stated at cost, and are not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Section 8.4 of the Report on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

### 8.4 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****8.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to BB Waterfront.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to BB Waterfront.

Financial instruments are recognised on the statement of financial position when BB Waterfront has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

**(a) Financial assets**

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

**8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****8.5 Financial instruments (continued)****(a) Financial assets (continued)****(ii) Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that BB Waterfront has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

**(iii) Loans and receivables**

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

**(iv) Available-for-sale financial assets**

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when BB Waterfront's right to receive payment is established.

Cash and bank balances include cash and cash equivalents, deposits and other short term highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.



## 8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 8.5 Financial instruments (continued)

#### (a) Financial assets (continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

#### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

##### (i) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****8.5 Financial instruments (continued)****(c) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of BB Waterfront after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

BB Waterfront measures a liability to distribute non-cash assets as a dividend to the owner of BB Waterfront at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, BB Waterfront recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

**8.6 Impairment of financial assets**

BB Waterfront assess whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

BB Waterfront collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments by the receivables to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.





## 8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 8.7 Income taxes

Income taxes include all taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

#### (a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which BB Waterfront operates and include all taxes based upon the taxable profits.

#### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****8.8 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when BB Waterfront has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If BB Waterfront has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**8.9 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of BB Waterfront or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. BB Waterfront does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of BB Waterfront. BB Waterfront does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**8.10 Foreign currencies****(a) Functional and presentation currency**

Items included in the historical financial information of BB Waterfront are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

**(b) Foreign currency translation and balances**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.



## 8.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 8.11 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups other than financial assets are measured in accordance with MFRS 5. Non-current assets held for sale and discontinued operations that are at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

### 8.12 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

BB Waterfront measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. BB Waterfront has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.



## 9.0 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

### 9.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no changes in estimates at the end of the relevant reporting periods.

### 9.2 Critical judgements made in applying accounting policies

There is no critical judgement made by the Directors in the process of applying BB Waterfront's accounting policies that have a significant effect on the amount recognised in these financial statements.

### 9.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (a) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of BB Waterfront utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

BB Waterfront measures financial instruments in the financial statements at fair value, as disclosed in Section 12.5.9 to the Report.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**10.0 ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs****10.1 First time MFRSs adopted during the financial period/years**

BB Waterfront adopted the following standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') for the financial period/years compiled.

Title	
MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards</i>
	<i>Amendments to MFRS 1 Annual Improvements 2009-2011 Cycle</i>
MFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
MFRS 7	<i>Financial Instruments: Disclosures</i>
	<i>Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities</i>
MFRS 101	<i>Presentation of Financial Statements</i>
MFRS 107	<i>Statement of Cash Flows</i>
MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
MFRS 13	<i>Fair Value Measurement</i>
	<i>Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income</i>
	<i>Amendments to MFRS 101 Annual Improvements 2009-2011 Cycle</i>
MFRS 110	<i>Events After the Reporting Period</i>
MFRS 112	<i>Income Taxes</i>
MFRS 116	<i>Property, Plant and Equipment</i>
	<i>Amendments to MFRS 116 Annual Improvements 2009-2011 Cycle</i>
MFRS 121	<i>The Effects of Changes in Foreign Exchange Rates</i>
MFRS 124	<i>Related Party Disclosures</i>
MFRS 132	<i>Financial Instruments: Presentation</i>
	<i>Amendments to MFRS 132 Annual Improvements 2009-2011 Cycle</i>
MFRS 136	<i>Impairment of Assets</i>
MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>
	<i>Improvements to MFRSs (2008)</i>
	<i>Improvements to MFRSs (2009)</i>
	<i>Improvements to MFRSs (2010)</i>
	<i>Annual Improvements 2009-2011 cycle issued in July 2012</i>
	<i>Amendments to MFRSs 2009-2011 Cycle</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>

**10.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by BB Waterfront.

Title	Effective date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 10.0 ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONTINUED)

## 10.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014 (continued)

Title	Effective date
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements to MFRSs 2010 - 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements to MFRSs 2011 - 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
<i>MFRS 9 Financial Instruments (2009)</i>	Deferred
<i>MFRS 9 Financial Instruments (2010)</i>	Deferred
<i>MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139).</i>	Deferred
<i>MFRS 14 Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
<i>MFRS 15 Revenue from Contracts with Customers</i>	1 January 2017
<i>MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

BB Waterfront is in the process of assessing the impact of implementing these Standards, as the effects would only be observable for the future financial years.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**11.0 HISTORICAL FINANCIAL INFORMATION AND LIMITATIONS**

The historical financial information of BB Waterfront for the FPE 31 March 2012 and FYE 31 March 2013 and 31 March 2014 presented in Section 12.0 have been extracted and compiled based on the audited financial statements of BB Waterfront which were prepared in accordance with PERSs in Malaysia and have been adjusted to conform with the measurement and presentation requirements of MFRSs for the purpose of this Report.

The scope of work conducted in the compilation of the Report does not, in itself, constitute an audit in accordance with International Standards on Auditing. Information contained in this Report has not been independently verified by us. In compiling this Report, we have relied upon information and representations given to us by the Directors, officers and employees of BB Waterfront and we have sought explanations for apparent discrepancies, if any.

As stated in Section 8.0 to the compiled historical financial information, for the purpose of this Report, BB Waterfront has adopted MFRSs to conform with the accounting policies of the TMC Group. These MFRSs were applied by the Directors to the historical financial information, including the statements of financial position as at 31 March 2012, 31 March 2013 and 31 March 2014, the statements of comprehensive income for the FPE 31 March 2012 and FYE 31 March 2013 and 31 March 2014, the statements of cash flows for the FPE 31 March 2012 and FYE 31 March 2013 and 31 March 2014 and the related disclosures. Section 12.0 of the compiled historical financial information discloses the impact of the transition to MFRS of BB Waterfront's compiled historical financial information, which includes statements of financial position, statements of comprehensive income and statements of cash flows.

The source of the information used for the extraction and compilation of the historical financial information were the audited financial statements prepared under PERS, calculations, management schedules and accounts which are unaudited, representation and/or explanation provided by the Directors of BB Waterfront. All disclosures in the financial information in respect of MFRS 7 *Financial Instruments: Disclosures* and MFRS 139 *Financial Instruments: Recognition and Measurement* are based on management schedules, accounts and information.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT

## 12.1 SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS

	Section	Restated balance as at 31.3.2012 RM	Restated balance as at 31.3.2013 RM	Balance as at 31.3.2014 RM
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12.5.1	186,000,694	28,566,951	30,791,020
<b>Current assets</b>				
Other receivables	12.5.2	-	76,593	9,008,251
Cash and bank balances	12.5.3	1,153,899	85,165	39,882
		1,153,899	161,758	9,048,133
Non-current assets classified as held for sale	12.5.4	-	157,433,743	-
<b>Total assets</b>		<b>187,154,593</b>	<b>186,162,452</b>	<b>39,839,153</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of BB Waterfront</b>				
Share capital	12.5.5	1,000,000	1,000,000	1,000,000
(Accumulated losses)/Retained earnings		(2,811,962)	(9,756,554)	36,560,900
<b>(Capital deficiency)/Total equity</b>		<b>(1,811,962)</b>	<b>(8,756,554)</b>	<b>37,560,900</b>
<b>Current liabilities</b>				
Other payables	12.5.6	188,966,555	194,919,006	2,278,253
<b>Total liabilities</b>		<b>188,966,555</b>	<b>194,919,006</b>	<b>2,278,253</b>
<b>Total liabilities net of capital deficiency/Total equity and liabilities</b>		<b>187,154,593</b>	<b>186,162,452</b>	<b>39,839,153</b>



## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.2 SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BB WATERFRONT IN ACCORDANCE WITH MFRS

		20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Other operating income		-	-	740,627,193
Other operating expenses		(2,811,962)	(6,944,592)	(4,024,323)
(Loss)/Profit from operations		(2,811,962)	(6,944,592)	736,602,870
Finance costs		-	-	-
(Loss)/Profit before taxation	12.6.2	(2,811,962)	(6,944,592)	736,602,870
Taxation		-	-	-
(Loss)/Profit for the financial period/year		(2,811,962)	(6,944,592)	736,602,870
Other comprehensive income, net of tax		-	-	-
Total comprehensive (loss)/income		(2,811,962)	(6,944,592)	736,602,870

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.3 STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 AND FINANCIAL YEARS ENDED 31 MARCH 2013 AND 31 MARCH 2014 OF BB WATERFRONT IN ACCORDANCE WITH MFRS

	Section	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total Equity RM
Balance as at 20 October 2010 (date of incorporation)		2	-	2
Effects of the adoption of MFRS 1	12.7	-	-	-
Restated balance as at 20 October 2010 (date of incorporation)		2	-	2
Loss for the financial period		-	(2,811,962)	(2,811,962)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(2,811,962)	(2,811,962)
Transaction with owners Ordinary shares issued	12.5.5	999,998	-	999,998
Balance at 31 March 2012/ 1 April 2012		1,000,000	(2,811,962)	(1,811,962)
Loss for the financial year		-	(6,944,592)	(6,944,592)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(6,944,592)	(6,944,592)
Balance at 31 March 2013/ 1 April 2013		1,000,000	(9,756,554)	(8,756,554)
Profit for the financial year		-	736,602,870	736,602,870
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	736,602,870	736,602,870
Transaction with owners Dividends paid	12.5.7	-	(690,285,416)	(690,285,416)
Balance at 31 March 2014		1,000,000	36,560,900	37,560,900

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.4 STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 AND FINANCIAL YEARS ENDED 31 MARCH 2013 and 31 MARCH 2014 OF BB WATERFRONT IN ACCORDANCE WITH MFRS

Section	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before taxation	(2,811,962)	(6,944,592)	736,602,870
Adjustments for:			
Preliminary expenses written off	2,500	-	-
Gain on disposal of property, plant and equipment	-	-	(737,438,525)
Unrealised loss/(gain) on foreign exchange	2,799,725	5,473,666	(3,188,668)
Operating loss before changes in working capital	(9,737)	(1,470,926)	(4,024,323)
Changes in working capital:			
(Increase)/Decrease in other receivables	-	(76,593)	76,593
Increase in other payables	306,002	578,785	6,254,248
Net cash from/(used in) operating activities	296,265	(968,734)	2,306,518
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Incidental expenses on sale of freehold land	-	-	(127,732)
Preliminary expenses	(2,500)	-	-
Purchase of property, plant and equipment	12.5.1 (186,000,694)	-	(2,224,069)
Net cash from investing activities	(186,003,194)	-	(2,351,801)

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.4 STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 AND FINANCIAL YEARS ENDED 31 MARCH 2013 and 31 MARCH 2014 OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

Section	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of ordinary shares	12.5.5	999,998	-	-
Advances from/(Repayments to) holding BB Waterfront		185,860,828	(100,000)	-
Net cash from/(used in) financing activities		186,860,826	(100,000)	-
Net increase/(decrease) in cash and cash equivalents		1,153,897	(1,068,734)	(45,283)
Cash and cash equivalents at date of incorporation/beginning of financial year		2	1,153,899	85,165
Cash and cash equivalents at end of financial period/year	12.5.3	1,153,899	85,165	39,882

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.1 Property, plant and equipment

	Balance as at 20.10.2010 (date of incorporation) RM	Additions RM	Balance as at 31.3.2012 RM
<b>Cost</b>			
Freehold land	-	186,000,694	186,000,694
	Balance as at 1.4.2012 RM	Reclassified as non-current assets held for sale RM	Restated balance as at 31.3.2013 RM
<b>Cost</b>			
Freehold land	186,000,694	(157,433,743)	28,566,951
	Restated balance as at 1.4.2013 RM	Additions RM	Balance as at 31.3.2014 RM
<b>Cost</b>			
Freehold land	28,566,951	2,224,069	30,791,020

On 10 November 2011, BB Waterfront had entered into an agreement with a person related to certain Directors of BB Waterfront to purchase two pieces of freehold land held under GRN 27086, Lot No. 9236 and GRN 88688, Lot No. 6376, both located in Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor Darul Ta'zim ("Land") for a purchase consideration of RM180,000,000. BB Waterfront had also incurred additional directly attributable costs in relation to the Land amounting to RM6,000,694 during the financial period ended 31 March 2012.

On 3 February 2013, BB Waterfront had entered into a sale and purchase agreement with Rowsley Ltd., a related party, to dispose part of the Land measuring approximately 92,310 square metres with a carrying amount of RM157,433,743 for a total consideration of SGD358,000,000 (equivalent to RM895,000,000). The consideration was settled by the issuance of 2,386,666,666 ordinary shares of Rowsley Ltd. at an issue price of SGD0.15 per ordinary share ("Land Consideration"). BB Waterfront has also obtained exemption from the relevant authorities for the payment of real property gains tax in relation to the above disposal of the Land.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.2 Other receivables

	31.3.2012 RM	31.3.2013 RM	31.3.2014 RM
<b>Other receivables</b>			
Prepayment	-	76,593	-
Amount owing by immediate holding company	-	-	9,008,251
	<u>-</u>	<u>76,593</u>	<u>9,008,251</u>

- (a) The amount owing by immediate holding company is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.
- (b) As at the date of this Report, the amount owing by immediate holding company of BB Waterfront as at 31 March 2014 have been fully recovered.
- (c) The currency exposure profile of other receivables are as follows:

	31.3.2012 RM	31.3.2013 RM	31.3.2014 RM
Ringgit Malaysia	-	76,593	-
Singapore Dollar	-	-	9,008,251
	<u>-</u>	<u>76,593</u>	<u>9,008,251</u>

- (d) Information on financial risks of other receivables is disclosed in Section 12.5.10 to the Report.

## 12.5.3 Cash and bank balances

	31.3.2012 RM	31.3.2013 RM	31.3.2014 RM
Cash and bank balances	<u>1,153,899</u>	<u>85,165</u>	<u>39,882</u>

- (a) Cash and bank balances are denominated in Ringgit Malaysia.
- (b) Information on financial risks of cash and bank balances is disclosed in Section 12.5.10 to the Report.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.4 Non-current assets classified as held for sale

A portion of the property, plant and equipment of BB Waterfront, which was intended to be held for long-term purposes is presented as non-current assets held for sale in accordance to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* following the sale and purchase agreement entered by BB Waterfront with Rowsley Ltd., a related party, on 3 February 2013 to dispose of part of the Land as disclosed in Section 12.5.1 to the report. The disposal was completed during the financial year ended 31 March 2014. As at the end of the reporting period, the non-current assets held for sale are as follows:

	31.3.2012 RM	31.3.2013 RM	31.3.2014 RM
<b>Non-current assets classified as held for sale</b>			
Property, plant and equipment (Section 12.5.1)	-	157,433,743	-

## 12.5.5 Share capital

	2012	
	Number of shares	RM
<b>Authorised:</b>		
Ordinary shares of RM1.00 each:		
As at date of incorporation	100,000	100,000
Increased during the financial period	900,000	900,000
As at 31 March 2012	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of RM1.00 each:		
As at date of incorporation	2	2
Issued during the financial period	999,998	999,998
As at 31 March 2012	<u>1,000,000</u>	<u>1,000,000</u>
	2013	
	Number of shares	RM
<b>Authorised:</b>		
Ordinary shares of RM1.00 each:		
As at 31 March 2013	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of RM1.00 each:		
As at 31 March 2013	<u>1,000,000</u>	<u>1,000,000</u>

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.5 Share capital (continued)

	2014	
	Number of shares	RM
<b>Authorised:</b>		
Ordinary shares of RM1.00 each: As at 31 March 2014	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of RM1.00 each: As at 31 March 2014	<u>1,000,000</u>	<u>1,000,000</u>

The owner of ordinary shares is entitled to receive dividends as and when declared by BB Waterfront and is entitled to one vote per ordinary share at meetings of BB Waterfront. All ordinary shares rank pari passu with regard to BB Waterfront's residual assets.

## 12.5.6 Other payables

	Restated 31.3.2012 RM	Restated 31.3.2013 RM	31.3.2014 RM
Amount owing to immediate holding company	188,960,545	194,332,943	1,165,342
Accruals	<u>6,010</u>	<u>586,063</u>	<u>1,112,911</u>
	<u>188,966,555</u>	<u>194,919,006</u>	<u>2,278,253</u>

(a) The amount owing to immediate holding company is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

(b) The currency exposure profile of other payables are as follows:

	Restated 31.3.2012 RM	Restated 31.3.2013 RM	31.3.2014 RM
Ringgit Malaysia	306,002	561,225	52,799
Singapore Dollar	<u>188,660,553</u>	<u>194,357,781</u>	<u>2,225,454</u>
	<u>188,966,555</u>	<u>194,919,006</u>	<u>2,278,253</u>

(c) Information on financial risks of other payables is disclosed in Section 12.5.10 to the Report.



## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.7 Dividends in-specie

There were no dividends paid, declared or proposed for the FPE 31 March 2012 and FYE 31 March 2013.

During the FYE 31 March 2014, the following dividends were declared and distributed in specie by BB Waterfront:

	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
In respect of financial year ended 31 March 2014:			
First interim single tier dividend of 59,900% per ordinary share declared and distributed on 26th September 2013 on the basis of 1,597.33 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	-	-	599,000,000
Second interim single tier dividend of 1,100% per ordinary share declared and distributed on 29th October 2013 on the basis of 29.33 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	-	-	11,000,000
Third interim single tier dividend of 8,028.54% per ordinary share declared and distributed on 20th March 2014 on the basis of 214.09 Rowsley Ltd. ordinary shares for each ordinary share held in BB Waterfront	-	-	80,285,416
	-	-	690,285,416

The Directors did not propose any final dividend for the FYE 31 March 2014.

## 12.5.8 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to BB Waterfront if BB Waterfront has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where BB Waterfront and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

BB Waterfront has controlling related party relationship with its holding companies.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.8 Related party disclosures (continued)

- (b) In addition to the information disclosed elsewhere in the financial statements, BB Waterfront had the following transactions with related parties during the following financial period/years:

	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
<b>Related parties</b>			
Purchase of property, plant and equipment from a person related to certain Directors of BB Waterfront	180,000,000	-	-
Additional cost of freehold land charged by a company of which a shareholder of the ultimate holding company has substantial financial interest	-	-	2,224,069
Consultation fees charged by a company of which a shareholder of the ultimate holding company has substantial financial interest	-	1,328,264	458,909
Disposal of property, plant and equipment to a company of which a shareholder of the ultimate holding company has substantial financial interest	-	-	<u>895,000,000</u>

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of BB Waterfront.

There is no compensation of key management personnel during the financial period ended 31 March 2012 and financial year ended 31 March 2013 and 31 March 2014.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.9 Financial instruments

## (a) Capital management

The primary objective of BB Waterfront's capital management is to safeguard BB Waterfront's ability to continue in operations as a going concern in order to provide fair returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, BB Waterfront may, from time to time, adjust the dividend payout to the shareholder, return capital to shareholder, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

BB Waterfront's capital structure is represented by the equity of BB Waterfront.

## (b) Financial instruments

## (i) Categories of financial instruments

	Restated 31.3.2012 RM	Restated 31.3.2013 RM	31.3.2014 RM
<b>Financial assets</b>			
Other receivables excluding prepayments			
- loan and receivables	-	-	9,008,251
Cash and bank balances	1,153,899	85,165	39,882
	<u>1,153,899</u>	<u>85,165</u>	<u>9,048,133</u>
<b>Financial liabilities</b>			
Other payables - other financial liabilities	188,966,555	194,919,006	2,278,253
	<u>188,966,555</u>	<u>194,919,006</u>	<u>2,278,253</u>

## (ii) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as other receivables and payables are reasonable approximation of fair value due to their short-term nature.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

- 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)
- 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)
- 12.5.10 Financial risk management objectives and policies

BB Waterfront's financial risk management objectives are to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risks and foreign currency risk.

BB Waterfront's exposure to financial risks and the management of the related exposures are as follows:

(i) Credit risk

Cash deposit could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions. BB Waterfront monitors the financial standing of these counter parties on an ongoing basis to ensure that BB Waterfront is exposed to minimal credit risk.

Other than the amount owing by immediate holding company, BB Waterfront does not have any significant exposure to any counter party nor does it have any major concentration of credit risk related to any financial instruments.

Credit risk concentration profile

At the end of the respective reporting periods, the credit concentration profile is as follows:

	31.3.2012	31.3.2013	31.3.2014
Amount owing by immediate holding company	-	-	100%

Exposure to credit risk

As BB Waterfront does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)

## 12.5.10 Financial risk management objectives and policies (continued)

## (ii) Liquidity and cash flow risk

It is BB Waterfront's policy to ensure its ability to service its cash obligations by maintaining a level of cash and cash equivalents deemed adequate to BB Waterfront's operations. BB Waterfront seeks to ensure the ability to service its cash obligations as and when they fall due through an efficient working capital management and funding from its immediate holding company.

The table below summarises the maturity profile of BB Waterfront's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
<b>31.3.2012</b>			
<b>Financial liabilities:</b>			
Other payables	188,966,555	-	188,966,555
Total undiscounted financial liabilities	<u>188,966,555</u>	<u>-</u>	<u>188,966,555</u>
<b>31.3.2013</b>			
<b>Financial liabilities:</b>			
Other payables	194,919,006	-	194,919,006
Total undiscounted financial liabilities	<u>194,919,006</u>	<u>-</u>	<u>194,919,006</u>
<b>31.3.2014</b>			
<b>Financial liabilities:</b>			
Other payables	2,278,253	-	2,278,253
Total undiscounted financial liabilities	<u>2,278,253</u>	<u>-</u>	<u>2,278,253</u>

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

- 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)
- 12.5 NOTES TO SUMMARISED STATEMENTS OF FINANCIAL POSITION OF BB WATERFRONT IN ACCORDANCE WITH MFRS (CONTINUED)
- 12.5.10 Financial risk management objectives and policies (continued)

## (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

During the respective financial period/years, BB Waterfront has other receivables and other payables which are denominated in a currency other than its functional currency.

The following table demonstrates the sensitivity analysis of BB Waterfront to a reasonably possible change in the foreign exchange rates against the functional and presentation currency of BB Waterfront, with all other variables held constant:

	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
<b>(Loss)/Profit after taxation</b>			
SGD/ RM			
- strengthen by 3%	(4,244,862)	(4,373,050)	50,073
- weaken by 3%	4,244,862	4,373,050	(50,073)

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.6 NOTES TO SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME OF BB WATERFRONT IN ACCORDANCE WITH MFRS

## 12.6.1 Tax expense

- (a) The Malaysian income tax is calculated at the following statutory tax rate of the estimated taxable profit for the fiscal year.

	31.3.2012	31.3.2013	31.3.2014
Statutory tax rate	25%	25%	25%

- (b) The reconciliation between the applicable tax rate and the effective tax rate of BB Waterfront is as follows:

	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
(Loss)/Profit before tax	(2,811,962)	(6,944,592)	736,602,870
Tax at Malaysian statutory tax rate	(702,991)	(1,736,148)	184,150,718
Tax effect in respect of: Non-deductible expenses	702,991	1,736,148	1,006,080
Non-taxable income	-	-	(185,156,798)
Tax expense for the financial period/year	-	-	-

## 12.6.2 (Loss)/Profit before taxation

	20.10.2010 (date of incorporation) to 31.3.2012 RM	1.4.2012 to 31.3.2013 RM	1.4.2013 to 31.3.2014 RM
(Loss)/Profit before taxation is arrived at after charging:			
Auditors' remuneration	2,500	2,500	8,000
Preliminary expenses written off	2,500	-	-
Realised loss on foreign exchange	-	-	3,264,922
Unrealised loss on foreign exchange	2,799,725	5,473,666	-
And after crediting:			
Gain on disposal of property, plant and equipment	-	-	737,438,525
Unrealised gain on foreign exchange	-	-	3,188,668

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)

*Accountants' Report***12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)****12.7 EXPLANATION OF TRANSITION TO MFRSs AND RECLASSIFICATIONS FOR COMPARATIVES**

BB Waterfront is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework for the financial period ended 31 March 2012 and financial years ended 31 March 2013 and 31 March 2014 for the purpose of this Report. Accordingly, these are the first historical financial information of BB Waterfront extracted and compiled in accordance with MFRSs.

The accounting policies set out in Section 8.0 to the historical financial information have been applied in the compilation of the historical financial information of BB Waterfront for the financial period ended 31 March 2012 and financial years ended 31 March 2013 and 31 March 2014.

There is no significant impact arising from the transition from PERs to MFRSs on BB Waterfront's financial position, financial performance and cash flows. Therefore, BB Waterfront has not adjusted any amount previously reported in financial statements that were prepared in accordance with the previous PERs Frameworks, other than reclassifications effected for the financial period ended 31 March 2013 and financial year ended 31 March 2013 as set out below.



## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

## 12.0 HISTORICAL FINANCIAL INFORMATION OF BB WATERFRONT (CONTINUED)

## 12.7 EXPLANATION OF TRANSITION TO MFRSs AND RECLASSIFICATIONS FOR COMPARATIVES (CONTINUED)

## 12.7.1 Comparative figures

	As previously reported RM	Reclassifications RM	As restated RM
<b>31 March 2012</b>			
<b><u>Statement of financial position</u></b>			
<b>Non-current liabilities</b>			
Loan from immediate holding company	188,660,553	(188,660,553)	-
<b>Current liabilities</b>			
Other payables - Amount owing to immediate holding company	299,992	188,660,553	188,960,545
<b>31 March 2013</b>			
<b><u>Statement of financial position</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	186,000,694	(157,433,743)	28,566,951
<b>Current assets</b>			
Non-current assets classified as held for sale	-	157,433,743	157,433,743
<b>Non-current liabilities</b>			
Loan from immediate holding company	194,134,218	(194,134,218)	-
<b>Current liabilities</b>			
Other payables - Amount owing to immediate holding company	198,725	194,134,218	194,332,943

## ACCOUNTANTS' REPORT ON BB WATERFRONT (Cont'd)



Accountants' Report

**13.0 SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

BB Waterfront has entered into the following agreements with related parties in relation to an integrated development of a medical hub, Thomson Iskandar on the freehold land of BB Waterfront ("the Project"):

- (i) A hospital consultancy services agreement dated 30 January 2015 entered into with Thomson International Sdn. Bhd. in relation to the Project.
- (ii) A hospital management agreement dated 30 January 2015 entered into with Thomson International Health Services Pte Ltd in relation to the Project.

**14.0 AUDITED FINANCIAL STATEMENTS**

As at the date of this Report, no audited financial statements have been prepared in respect of any period subsequent to 31 March 2014 for BB Waterfront.

Yours faithfully,

BDO  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
30 April 2015

REJEESH A/L BALASUBRAMANIAM  
2895/08/16 (J)  
Chartered Accountant

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT  
31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**



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Our ref: BDO/RB/hkk

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

Date: 30 April 2015

Dear Sirs

**TMC LIFE SCIENCES BERHAD (“TMC” OR “COMPANY”)  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

1. We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statement of Financial Position of TMC and its subsidiaries (“TMC Group or the “Group”) as at 31 May 2014 together with the notes thereon. The Pro Forma Consolidated Statement of Financial Position as at 31 May 2014 as set out in Appendix A (which we have stamped for purposes of identification) has been compiled by the Directors of the Company for inclusion in the Circular to Shareholders to be issued in connection with the following proposals:
  - (i) Proposed acquisition by TMC of 1,000,000 ordinary shares of RM1.00 each, representing the entire equity interest of BB Waterfront Sdn. Bhd. (“BB Waterfront”) from Best Blend Sdn. Bhd. for a purchase consideration of RM400,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in TMC (“Shares” or “TMC Shares”) (“Consideration Shares”) at an issue price of RM0.75 per share, together with 266,666,666 free detachable warrants (“Consideration Warrants”) on the basis of one (1) Consideration Warrant for every two (2) Consideration Shares (“Proposed Acquisition”);
  - (ii) Proposed bonus issue of 599,760,718 warrants (“Bonus Warrants”) in TMC to all entitled shareholders of the Company on the basis of one (1) Bonus Warrant for every two (2) existing TMC Shares held at an entitlement date to be determined later (“Proposed Bonus Issue of Warrants”);
  - (iii) Proposed increase in the authorised share capital of TMC from RM200,000,000 comprising 2,000,000,000 Shares to RM500,000,000 comprising 5,000,000,000 Shares and in consequence thereof, the Memorandum and Articles of Association of the Company be altered accordingly (“Proposed IASC”); and
  - (iv) Proposed establishment of an employees’ share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of TMC (“Proposed ESOS”).

(Collectively referred to as “Proposals”).
2. The applicable criteria on the basis of which the Directors of the Company have compiled the Pro Forma Consolidated Statement of Financial Position are described in Note 2 of Appendix A.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

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3. The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors of the Company for illustrative purposes only, pursuant to the guidance on the preparation of historical pro forma financial information as provided by the Malaysian Institute of Accountants via Circular 41/2010 dated 22 September 2010, to show the effects on the Consolidated Statement of Financial Position of the Company presented had the Proposals been effected as at the date stated. As part of this process, information about the Pro Forma Consolidated Statement of Financial Position as at 31 May 2014 has been extracted from the Company's audited Consolidated Statement of Financial Position as at 31 May 2014. Information about the financial position as at 31 March 2014 of BB Waterfront has been extracted from BB Waterfront's audited financial statements as at 31 March 2014 prepared in accordance with Private Entity Reporting Standards ("PERSs"), and adjusted to conform with the requirements of Malaysian Financial Reporting Standards ("MFRSs").

**DIRECTORS' RESPONSIBILITIES FOR THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

4. The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis set out in Note 2 of Appendix A.

**OUR RESPONSIBILITIES**

5. Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position has been compiled in all material aspects, by the Directors of the Company on the basis set out in Note 2 of Appendix A and report our opinion to you based on our work.
6. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position in accordance with the basis set out in Note 2 of Appendix A.
7. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information or any adjustments made used in compiling the Pro Forma Consolidated Statement of Financial Position.
8. The purpose of Pro Forma Consolidated Statement of Financial Position included in the Circular to Shareholders is solely to illustrate the impact of the Proposals on unadjusted financial information of the Group as if the Proposals had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT  
31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



9. A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the Proposals, and to obtain sufficient appropriate evidence about whether:
- The related pro forma adjustments give appropriate effect to those criteria; and
  - The Pro Forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.
10. The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the Proposals in respect of which the Pro Forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.
11. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion:

12. The Pro Forma Consolidated Statements of Financial Position, which have been prepared by the Board, have been properly prepared on the basis stated in the accompanying Note 2 of Appendix A using the financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group; and
13. Each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

#### OTHER MATTERS

14. The report has been prepared solely for the purpose of inclusion in the Circular to shareholders of the Company in connection with the Proposals, and as such, this report should not be used for any other purpose. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party on respect of this letters contrary of the aforesaid purpose.

Yours faithfully,

BDO  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
30 April 2015

REJEESH A/L BALASUBRAMANIAM  
2895/08/16(J)  
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

	Audited Consolidated Statement of Financial Position as at 31.5.2014 RM'000	Adjustments for exercise of Warrants and expiry of 2011/2014 Warrants* RM'000	Adjusted Consolidated Statement of Financial Position as at 31.5.2014 RM'000	Adjustments for Proposed Acquisition RM'000	Pro Forma I After the Proposed Acquisition RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	105,911		105,911	30,791	136,702
Goodwill	-		-	362,439	362,439
<b>Total non-current assets</b>	<b>105,911</b>		<b>105,911</b>	<b>499,141</b>	<b>499,141</b>
<b>CURRENT ASSETS</b>					
Inventories	4,638		4,638		4,638
Trade and other receivables	21,111		21,111	9,008	30,119
Current tax assets	244		244		244
Cash and bank balances	32,630	158,859	191,489	40	188,829
<b>Total current assets</b>	<b>58,623</b>		<b>217,482</b>	<b>(2,700)**</b>	<b>223,830</b>
<b>TOTAL ASSETS</b>	<b>164,534</b>		<b>323,393</b>		<b>722,971</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to the owners of the parent					
Share capital	80,237	39,715	119,952	53,333	173,285
Share premium	33,159	146,944	180,103	291,120	471,038
Accumulated losses	(6,169)	283	(5,886)	(185)**	(8,401)
Exchange translation reserve	80		80		80
Warrants reserve	28,083	(28,083)	-	55,547	55,547
	135,390		294,249		691,549

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identification only.  
30 APR 2015  
BDO (AFO206)  
Chartered Accountants  
Kuala Lumpur

\* After taking into consideration the issuance of new shares pursuant to the exercise of 2011/2014 Warrants from 1 June 2014 up to their expiry date on 22 December 2014.  
\*\* The Proposals are expected to incur estimated expenses of RM2,700,000. The cost directly attributable to the issuance of shares of RM185,000 will be offset against share premium account. The remaining estimated expenses to be incurred for the Proposals of RM2,515,000 have been charged to accumulated losses.

APPENDIX IV

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

TMC LIFE SCIENCES BERHAD (624409 - A)  
 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

(Continued)	Pro Forma I	Adjustments for	Pro Forma II	Adjustments for	Pro Forma III
	After the Proposed Acquisition RM'000	Proposed Bonus Issue of Warrants RM'000	After (I) and the Proposed Bonus Issue of Warrants RM'000	exercise of Warrants RM'000	After (II) and assuming the full exercise of the Warrants RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	136,702		136,702		136,702
Goodwill	362,439		362,439		362,439
<b>Total non-current assets</b>	<b>499,141</b>		<b>499,141</b>		<b>499,141</b>
<b>CURRENT ASSETS</b>					
Inventories	4,638		4,638		4,638
Trade and other receivables	30,119		30,119		30,119
Current tax assets	244		244		244
Cash and bank balances	188,829		188,829	649,821	838,650
<b>Total current assets</b>	<b>223,830</b>		<b>223,830</b>		<b>873,651</b>
<b>TOTAL ASSETS</b>	<b>722,971</b>		<b>722,971</b>		<b>1,372,792</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the owners of the parent</b>					
Share capital	173,285		173,285	86,643	259,928
Share premium	471,038		471,038	618,725	1,089,763
Accumulated losses	(8,401)		(8,401)		(8,401)
Exchange translation reserve	80		80		80
Warrants reserve	55,547		55,547	(55,547)	-
	<b>691,549</b>		<b>691,549</b>		<b>1,341,370</b>

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 30 APR 2015  
 BDO (AFO206)  
 Chartered Accountants  
 Kuala Lumpur

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

(Continued)	Audited Consolidated Statement of Financial Position as at 31.5.2014 RM'000	Adjustments for exercise of Warrants and expiry of 2011/2014 Warrants* RM'000	Adjusted Consolidated Statement of Financial Position as at 31.5.2014 RM'000	Adjustments for Proposed Acquisition RM'000	Pro Forma I After the Proposed Acquisition RM'000
Non-controlling interests	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>135,390</b>	<b>-</b>	<b>294,249</b>	<b>691,549</b>	<b>691,549</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	1,969	-	1,969	1,969	1,969
Deferred tax liabilities	2,879	-	2,879	2,879	2,879
<b>Total non-current liabilities</b>	<b>4,848</b>	<b>-</b>	<b>4,848</b>	<b>4,848</b>	<b>4,848</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	24,168	-	24,168	2,278	26,446
Borrowings	82	-	82	-	82
Current tax liabilities	46	-	46	-	46
<b>Total current liabilities</b>	<b>24,296</b>	<b>-</b>	<b>24,296</b>	<b>2,278</b>	<b>26,574</b>
<b>TOTAL LIABILITIES</b>	<b>29,144</b>	<b>-</b>	<b>29,144</b>	<b>31,422</b>	<b>31,422</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>164,534</b>	<b>-</b>	<b>323,393</b>	<b>722,971</b>	<b>722,971</b>
Number of ordinary shares ('000)	802,373	-	1,199,521	1,732,855	1,732,855
Net Assets (RM'000)	135,390	-	294,249	691,549	691,549
Net Assets per ordinary share of RM0.10 each (sen)	17	-	25	40	40
Total borrowings ('000)	2,051	-	2,051	2,051	2,051
Gearing (times)	0.02	-	0.01	-	-

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identification only.  
30 APR 2015  
BDO (AF0206)  
Chartered Accountants/  
Kuala Lumpur

\* After taking into consideration the issuance of new shares pursuant to the exercise of 2011/2014 Warrants from 1 June 2014 up to their expiry date on 22 December 2014.  
^ Negligible.



PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

TMC LIFE SCIENCES BERHAD (624409 - A)  
 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

(Continued)	Pro Forma I	Adjustments for	Pro Forma II	Adjustments for	Pro Forma III
	After the Proposed Acquisition	Proposed Bonus Issue of Warrants	After (I) and the Proposed Bonus Issue of Warrants	Warrants	After (II) and assuming the full exercise of the Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-controlling interests	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>691,549</b>		<b>691,549</b>		<b>1,341,370</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	1,969		1,969		1,969
Deferred tax liabilities	2,879		2,879		2,879
<b>Total non-current liabilities</b>	<b>4,848</b>		<b>4,848</b>		<b>4,848</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	26,446		26,446		26,446
Borrowings	82		82		82
Current tax liabilities	46		46		46
<b>Total current liabilities</b>	<b>26,574</b>		<b>26,574</b>		<b>26,574</b>
<b>TOTAL LIABILITIES</b>	<b>31,422</b>		<b>31,422</b>		<b>31,422</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>722,971</b>		<b>722,971</b>		<b>1,372,792</b>
Number of ordinary shares ('000)	1,732,855		1,732,855		2,599,282
Net Assets (RM'000)	691,549		691,549		1,341,370
Net Assets per ordinary share of RM0.10 each (sen)	40		40		52
Total borrowings ('000)	2,051		2,051		2,051
Gearing (times)	- <sup>^</sup>		- <sup>^</sup>		- <sup>^</sup>

Stamped for the purpose of identification only.  
 30 APR 2015  
 BDC (AFC0206)  
 Chartered Accountants  
 Kuala Lumpur

<sup>^</sup> Negligible.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**1. INTRODUCTION**

This Pro Forma Consolidated Statement of Financial Position of TMC Life Sciences Berhad ("TMC" or the "Company") and its subsidiaries ("TMC Group" or the "Group"), for which the Directors of the Company are solely responsible, has been prepared for illustrative purpose only for inclusion in the Circular to Shareholders of the Company ("Circular") to be issued in connection with the following proposals and should not be relied on for any other purposes.

- (i) Proposed acquisition by TMC of 1,000,000 ordinary shares of RM1.00 each, representing the entire equity interest of BB Waterfront Sdn. Bhd. ("BB Waterfront") from Best Blend Sdn. Bhd. for a purchase consideration of RM400,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in TMC ("Shares" or "TMC Shares") ("Consideration Shares") at an issue price of RM0.75 per share, together with 266,666,666 free detachable warrants ("Consideration Warrants") on the basis of one (1) Consideration Warrant for every two (2) Consideration Shares ("Proposed Acquisition");
- (ii) Proposed bonus issue of 599,760,718 warrants ("Bonus Warrants") in TMC to all entitled shareholders of the Company on the basis of one (1) Bonus Warrant for every two (2) existing TMC Shares held at an entitlement date to be determined later ("Proposed Bonus Issue of Warrants");
- (iii) Proposed increase in the authorised share capital of TMC from RM200,000,000 comprising 2,000,000,000 Shares to RM500,000,000 comprising 5,000,000,000 Shares and in consequence thereof, the Memorandum and Articles of Association of the Company be altered accordingly ("Proposed IASC"); and
- (iv) Proposed establishment of an employees' share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of TMC ("Proposed ESOS").

(Collectively referred to as "Proposals").

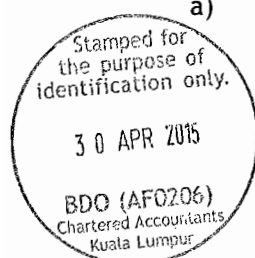
The Pro Forma Consolidated Statement of Financial Position is prepared for illustrative purposes only, to show the effects of the Proposals, as set out on Notes 3 and 4, on the adjusted audited Consolidated Statement of Financial Position of TMC Group as at 31 May 2014, had the transaction been effected on 31 May 2014. The audited Consolidated Statement of Financial Position of TMC Group as at 31 May 2014 has been adjusted for the effect of exercise of 2011/2014 Warrants from 1 June 2014 to 22 December 2014 as stated in Note 2.1 before incorporating the effects of the Proposals.

The Pro Forma Consolidated Statement of Financial Position is prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Proposals on the financial position of TMC Group presented had the transactions or events occurred on 31 May 2014. Further, such information does not purport to predict TMC Group's future financial position.

**2. BASIS OF PREPARATION**

The basis used in the preparation of the Pro Forma Consolidated Statement of Financial Position as at 31 May 2014 are as follows:

- a) For purpose of illustration only, the effects of the Proposals stated in Note 1 are shown using the financial position of TMC Group as at 31 May 2014 (adjusted for the exercise of 2011/2014 Warrants from 1 June 2014 up to their expiry date on 22 December 2014) and also the financial position of BB Waterfront as at 31 March 2014 on the assumption that the Proposed Acquisition stated in Note 1 had been effected on 31 May 2014. We were not engaged to report on the restated historical financial information of BB Waterfront.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**2. BASIS OF PREPARATION (CONTINUED)**

The basis used in the preparation of the Pro Forma Consolidated Statement of Financial Position as at 31 May 2014 are as follows: (continued)

- b) The consolidated statement of financial position after adjustments incorporating the effects of the Proposals and consolidation eliminations were compiled using the:
  - i) audited consolidated statement of financial position of TMC Group as at 31 May 2014 prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and adjusted for the exercise of 2011/2014 Warrants from 1 June 2014 up to their expiry date on 22 December 2014 as stated in Note 2.1; and
  - ii) audited statement of financial position of BB Waterfront as at 31 March 2014 prepared in accordance with Private Entities Reporting Standards ("PERs"), which were audited by Messrs. Baker Tilly HYT (formerly known as Huang Yan Teo & Co), adjusted to conform with the requirements of MFRSs.
- c) The estimated expenses for the Proposals are RM2,700,000, of which RM2,515,000 and RM185,000 have been adjusted against the accumulated losses and share premium account respectively in the Pro Forma Consolidated Statement of Financial Position.
- d) The purchase consideration will be measured at the fair value of the Consideration Shares on the completion date of the Proposed Acquisition. A Purchase Price Allocation ("PPA") exercise will also be conducted on the completion date, at which point, adjustments may be made to the goodwill amount recorded for illustrative purposes.
- e) The Pro Forma Consolidated Statement of Financial Position was prepared using non-coterminous year ends i.e. 31 May for TMC Group and 31 March for BB Waterfront.
- f) The historical financial information of TMC Group and BB Waterfront are presented in Ringgit Malaysia ("RM"), which is also TMC Group's and BB Waterfront's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

**2.1 ADJUSTMENTS ON EXERCISE OF 2011/2014 WARRANTS FROM 1 JUNE 2014 UP TO 22 DECEMBER 2014**

TMC had on 22 December 2011 issued a three (3)-year warrant which entitled the holders to subscribe for one (1) new TMC share at an exercise price of RM0.40 for each warrant held ("2011/2014 Warrants"). The 2011/2014 Warrants had expired on 22 December 2014.

The audited Consolidated Statement of Financial Position as at 31 May 2014 has been adjusted to take into consideration the effect of the new shares issued pursuant to the exercise of 2011/2014 Warrants from 1 June 2014 up to their expiry date on 22 December 2014 ("Expiry Date").

As at 31 May 2014, there were a total number of 401,186,498 unexercised Warrants. From 1 June 2014 up to the Expiry Date, a total number of 397,148,435 2011/2014 Warrants were exercised by warrant holders of TMC at RM0.40 each. The exercise of 2011/2014 Warrants by warrant holders generated total proceeds of RM158,859,000. The issued and paid-up share capital and share premium account were increased by RM39,715,000 and RM119,144,000 respectively.

As at 31 May 2014, Warrants reserve of TMC stood at RM28,083,000. Upon the exercise of the Warrants from 1 June 2014 up to the Expiry Date, Warrants reserve of RM27,800,000 was transferred to share premium account, while the remaining balance of Warrants reserve of RM283,000 in relation to the unexercised 2011/2014 Warrants at the Expiry Date was transferred to accumulated losses.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS**

**3.1 Pro Forma I**

Pro Forma I is stated after incorporating the effect of the Proposed Acquisition as follows:

(a) Adjustment for the Proposed Acquisition

The adjustment for the Proposed Acquisition illustrates the effect of the Proposed Acquisition on the adjusted Consolidated Statement of Financial Position of TMC Group as at 31 May 2014.

The purchase consideration of RM400,000,000 for the Proposed Acquisition is to be satisfied via the issuance of 533,333,333 Consideration Shares at an issue price of RM0.75 per share, together with 266,666,666 Consideration Warrants on the basis of one (1) Consideration Warrant for every two (2) Consideration Shares.

Correspondingly, the Proposed Acquisition would give rise to the below:

- i. an increase in the issued and paid-up share capital and share premium accounts of TMC by RM53,333,333 and RM346,666,667 respectively;
- ii. creation of a warrants reserve of RM55,547,000 based on the fair value of RM0.2083 per Consideration Warrant by way of transferring from the share premium account arising from the issuance of new ordinary shares; and
- iii. an increase of RM400,000,000 in the cost of investments in subsidiaries of TMC in TMC's separate financial statements.

The fair value of RM0.2083 per Consideration Warrant is determined using the Black Scholes pricing model based on the following input:

Price per underlying TMC Share as at 5 February 2015	RM0.64 per Share
Exercise price	RM0.75 per Warrant
Tenure of the Warrants	4 years from the date of issuance of Warrants
Risk free interest rate	3.72% per annum
Expected dividend yield	0.45%
Expected share price volatility	44.06%

(b) Adjustment for goodwill on business combination

The adjustment for the goodwill on business combination illustrates the effect of the goodwill arising from the Proposed Acquisition. Details of the provisional fair value of assets and liabilities acquired are as follows:

	RM'000
Property, plant and equipment	30,791
Other receivables	9,008
Cash and bank balances	40
Other payables	(2,278)
	<hr/>
	37,561
Goodwill on business combination	362,439
	<hr/>
Purchase consideration	400,000
	<hr/> <hr/>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS (CONTINUED)**

**3.1 Pro Forma I (continued)**

**(b) Adjustment for goodwill on business combination (continued)**

The assumption used in the calculation of goodwill on business combination is that the carrying amounts of assets and liabilities of BB Waterfront as at 31 March 2014 would be used to derive the illustrative impact on the Pro Forma Consolidated Statement of Financial Position as at 31 May 2014.

The fair value of the purchase consideration comprises:

	RM'000
New ordinary shares issued (533,333,333 Shares of RM0.10 each issued at RM0.75 per share)	400,000

The carrying amounts of the assets and liabilities of BB Waterfront have not been adjusted for the purpose of this pro forma. Actual adjustment may differ based on the financial information of BB Waterfront on the actual acquisition date.

Upon completion of the Proposed Acquisition, TMC Group will recognise a goodwill of RM362,439,000, being the excess of cost of investment of RM400,000,000 in BB Waterfront over the carrying amounts of the assets and liabilities of BB Waterfront of RM37,561,000.

The purchase consideration will be measured at the fair value of the Consideration Shares based on the closing market price of TMC on the completion date of the Proposed Acquisition. A PPA exercise will also be conducted on the completion date, at which point, adjustments may be made to the goodwill amount recorded for illustrative purposes.

The adjustment for estimated expenses of the Proposals illustrates the effect of the estimated expenses of the Proposals on the profit or loss of the TMC Group and gives rise to a corresponding decrease in the cash and bank balances and share premium account by RM2,700,000 and RM185,000 respectively and an increase in accumulated losses of the TMC Group by RM2,515,000.

**3.2 Pro Forma II**

Pro Forma II is stated after Pro Forma I and incorporating the effect of the Proposed Bonus Issue of 599,760,718 Warrants in TMC to all entitled shareholders of the Company on the basis of one (1) Bonus Warrant for every two (2) existing TMC Shares held. Total number of warrants after the Proposed Bonus Issue of Warrants and issuance of 266,666,666 Consideration Warrants ("collectively known as Warrants") would be 866,427,384.

The Proposed Bonus Issue of Warrants does not have any effect on the Pro Forma Consolidated Statement of Financial Position as at 31 May 2014.

**3.3 Pro Forma III**

Pro Forma III is stated after Pro Forma II and incorporating the effect of full exercise of the Warrants.

The exercise of 866,427,384 Warrants is based on an exercise price of RM0.75 per Warrant. The exercise will generate total gross cash proceeds of RM649,821,000. Pursuant to the exercise of the 866,427,384 Warrants, 866,427,384 new TMC shares will be issued and this will increase the issued and paid-up share capital and share premium account by RM86,643,000 and RM563,178,000 respectively with no additional expenses incurred. The warrants reserve of RM55,547,000 will be transferred to share premium account.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**4. NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS**

**4.1 Property, plant and equipment**

RM'000

As per audited consolidated statement of financial position ("CSOFP")/adjusted CSOFP of the Group as at 31 May 2014	105,911
Adjustment for Proposed Acquisition:	
- Per statement of financial position ("SOFP") of BB Waterfront as at 31 March 2014	<u>30,791</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u><u>136,702</u></u>

**4.2 Goodwill**

RM'000

As per audited CSOFP/adjusted CSOFP of the Group as at 31 May 2014	-
Adjustment for goodwill on business combination arising from Proposed Acquisition:	
- Goodwill arising from business combination	<u>362,439</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u><u>362,439</u></u>

**4.3 Inventories**

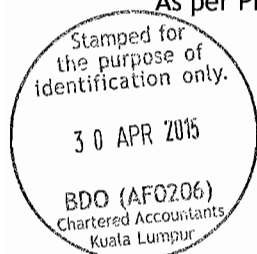
RM'000

As per audited CSOFP/Adjusted CSOFP of the Group as at 31 May 2014	4,638
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	<u>-</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u><u>4,638</u></u>

**4.4 Trade and other receivables**

RM'000

As per audited CSOFP/Adjusted CSOFP of the Group as at 31 May 2014	21,111
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	<u>9,008</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u><u>30,119</u></u>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**4. NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS (CONTINUED)**

**4.5 Current tax assets and current tax liabilities**

	Current tax assets RM'000	Current tax liabilities RM'000
As per audited CSOFP/Adjusted CSOFP of the Group as at 31 May 2014	244	(46)
Adjustment for the Proposed Acquisition:		
- Per SOFP of BB Waterfront as at 31 March 2014	-	-
	<u>244</u>	<u>(46)</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u>244</u>	<u>(46)</u>

**4.6 Cash and bank balances**

	RM'000
As per audited CSOFP of the Group as at 31 May 2014	32,630
Adjustment for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	<u>158,859</u>
As per adjusted CSOFP of the Group as at 31 May 2014	191,489
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	40
Adjustment for the estimated expenses of Proposals	<u>(2,700)</u>
As per Pro Forma I/ Pro Forma II	188,829
Adjustment for the exercise of the Warrants	<u>649,821</u>
As per Pro Forma III	<u>838,650</u>

**4.7 Share capital**

	RM'000
As per audited CSOFP of the Group as at 31 May 2014	80,237
Adjustment for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	<u>39,715</u>
As per adjusted CSOFP of the Group as at 31 May 2014	119,952
Adjustment for the Proposed Acquisition:	
- Issuance of 533,333,333 new ordinary shares	<u>53,333</u>
As per Pro Forma I/Pro Forma II	173,285
Adjustment for the exercise of the Warrants	<u>86,643</u>
As per Pro Forma III	<u>259,928</u>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)  
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

Appendix A

**4. NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS (CONTINUED)**

**4.8 Share premium**

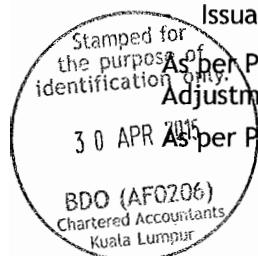
	RM'000
As per audited CSOFP of the Group as at 31 May 2014	33,159
Adjustment for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	119,144
Transfer from Warrants reserve arising for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	<u>27,800</u>
As per adjusted CSOFP of the Group as at 31 May 2014	180,103
Adjustment for the Proposed Acquisition:	
- Issuance of 533,333,333 new ordinary shares	346,667
- Transfer to Warrants reserve for issuance of 266,666,666 Consideration Warrants	(55,547)
Adjustment for the estimated expenses of Proposals	<u>(185)</u>
As per Pro Forma I/ Pro Forma II	471,038
Adjustment for the exercise of the Warrants	<u>618,725</u>
As per Pro Forma III	<u><u>1,089,763</u></u>

**4.9 Accumulated losses**

	RM'000
As per audited CSOFP of the Group as at 31 May 2014	6,169
Adjustment for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	<u>(283)</u>
As per adjusted CSOFP of the Group as at 31 May 2014	5,886
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	36,561
Adjustment for goodwill on business combination arising from Proposed Acquisition:	
- Pre-acquisition reserves elimination	(36,561)
Adjustment for the estimated expenses of Proposed Acquisition	<u>2,515</u>
As per Pro Forma I/ Pro Forma II/Pro Forma III	<u><u>8,401</u></u>

**4.10 Warrants reserve**

	RM'000
As per audited CSOFP of the Group as at 31 May 2014	28,083
Adjustment for the exercise of 2011/2014 Warrants from 1 June 2014 up to Expiry Date	(28,083)
As per adjusted CSOFP of the Group as at 31 May 2014	-
Adjustment for the Proposed Acquisition:	
Issuance of 266,666,666 Consideration Warrants	55,547
As per Pro Forma I/Pro Forma II	<u>55,547</u>
Adjustment for the exercise of Consideration Warrants	(55,547)
As per Pro Forma III	<u><u>-</u></u>





**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MAY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

TMC LIFE SCIENCES BERHAD (624409 - A)

Appendix A

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014

**4. NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 AFTER INCORPORATING THE EFFECTS OF THE PROPOSALS (CONTINUED)**

**4.11 Exchange translation reserve**

	RM'000
As per audited CSOFP/adjusted CSOFP of the Group as at 31 May 2014	80
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	-
	<u>80</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u>80</u>

**4.12 Borrowings**

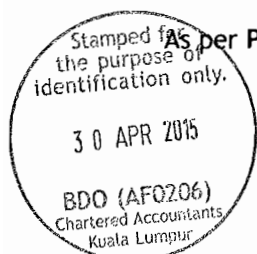
	Non-current liabilities RM'000	Current liabilities RM'000	Total RM'000
As per audited CSOFP/adjusted CSOFP of the Group as at 31 May 2014	1,969	82	2,051
Adjustment for the Proposed Acquisition:			
- Per SOFP of BB Waterfront as at 31 March 2014	-	-	-
	<u>1,969</u>	<u>82</u>	<u>2,051</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u>1,969</u>	<u>82</u>	<u>2,051</u>

**4.13 Deferred tax liabilities**

	Deferred tax liabilities RM'000
As per audited CSOFP/adjusted CSOFP of the Group as at 31 May 2014	2,879
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	-
	<u>2,879</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u>2,879</u>

**4.14 Trade and other payables**

	RM'000
As per audited CSOFP/adjusted CSOFP of the Group as at 31 May 2014	24,168
Adjustment for the Proposed Acquisition:	
- Per SOFP of BB Waterfront as at 31 March 2014	2,278
	<u>26,446</u>
As per Pro Forma I/Pro Forma II/Pro Forma III	<u>26,446</u>



## DIRECTORS' REPORT ON BB WATERFRONT

**BB WATERFRONT SDN. BHD.**

(Formerly known as Vantage Bay Sdn. Bhd)

Date: 6 May 2015

The Board of Directors  
**TMC Life Sciences Berhad**  
 802, 8<sup>th</sup> Floor, Block C  
 Kelána Square, 17 Jalan SS7/26  
 47301 Petaling Jaya  
 Selangor Darul Ehsan

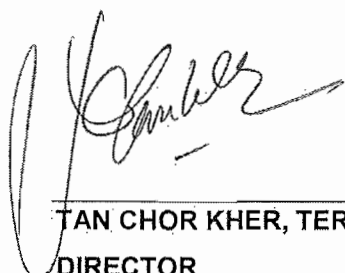
**Registered Office:**  
 157A, Jalan Sri Pelangi  
 Taman Pelangi  
 80400 Johor Bahru  
 Johor Darul Takzim

Dear Sir/Madam,

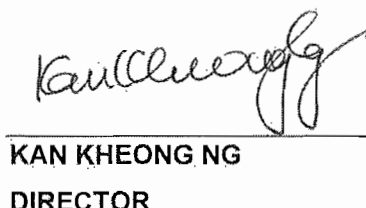
On behalf of the Board of Directors of BB Waterfront Sdn Bhd ("**BB Waterfront**") ("**Board**"), I wish to report that after due enquiries by the Board in relation to the interval between 31 March 2014, being the date to which the last audited financial statements of BB Waterfront have been made up, and the date herein, being a date not earlier than fourteen (14) days before the date of issue of this Circular:-

- (i) the business of BB Waterfront has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of BB Waterfront which have adversely affected the trading or the value of the assets of BB Waterfront;
- (iii) the current assets of BB Waterfront appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by BB Waterfront;
- (v) since the last audited financial statements of BB Waterfront, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the profits of BB Waterfront since the last audited financial statements of BB Waterfront.

Yours faithfully  
 For and on behalf of the Board of Directors of  
**BB WATERFRONT SDN. BHD.**



**TAN CHOR KHER, TERRY**  
 DIRECTOR



**KAN KHEONG NG**  
 DIRECTOR

Company Number : 919262-K  
 157A, Jalan Sri Pelangi, Taman Pelangi, 80400 Johor Bahru, Johor  
 Tel: (65) 6235-7277 Fax: (65) 6235-7677

## DRAFT BY-LAWS FOR THE PROPOSED ESOS

## TMC LIFE SCIENCES BERHAD

("Company" or "TMC")

## EMPLOYEES' SHARE OPTION SCHEME

## BY-LAWS

**1. NAME OF SCHEME**

This Scheme shall be called the "TMC Employees' Share Option Scheme".

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme are to:-

- (a) align the interest of the Eligible Persons for the performance of the Group and provide an opportunity for Eligible Persons to participate in the profitability of the Company via ownership of equity and inculcate a greater sense of belonging and dedication as Eligible Persons are given the opportunity to participate in the equity of the Company upon exercising their Options;
- (b) recognise the contribution of the Eligible Persons, reward and retain Eligible Persons whose services are vital to the continued growth of the Group;
- (c) motivate Eligible Persons towards better performance through greater loyalty and productivity to the Group; and
- (d) make the Group remuneration scheme more competitive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

**3. DEFINITIONS AND INTERPRETATIONS**

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

"Act"	:	The Companies Act 1965, including all regulations issued thereunder
"Available Balance"	:	The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted
"Board"	:	The Board of Directors of the Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"By-Laws"	:	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 23)
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Malaysia Depository Sdn Bhd for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
"Company" or "TMC"	:	TMC Life Sciences Berhad (Company No. 624409-A)

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"Date of Expiry"	:	The last day of the duration of the Scheme as provided in By-Law 20.3
"Date of Offer"	:	The date on which an Offer is made by the Option Committee to an Eligible Person in the manner provided in By-Law 7
"Director(s)"	:	A natural person who holds a directorship in the Group
"Effective Date"	:	The effective date for the launching/implementation of the Scheme, as provided in By-Law 20.1
"Eligible Person(s)"	:	Any Employee or Director who fulfils the conditions of eligibility stipulated in By-Law 5.1
"Employee"	:	A natural person who is employed by and on the payroll of any company in the Group
"Entitlement Date"	:	The date as at the close of business on which shareholders' names must appear on TMC's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
"Grantee"	:	An Eligible Person who has accepted an Offer in the manner provided in By-Law 8
"Group"	:	The Company and its subsidiary companies as defined in Section 5 of the Act which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 18.2
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities as amended and supplemented from time to time
"Market Day(s)"	:	Any day from Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Offer(s)"	:	A written offer made by the Option Committee to an Eligible Person in the manner provided in By-Law 7
"Option(s)"	:	The right of a Grantee to subscribe for one (1) new Share for each Option pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to By-Law 7
"Option Committee"	:	The committee appointed by the Board to administer the Scheme
"Option Period"	:	The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 20.3. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended.
"Person Connected"	:	For the purpose of this definition, a person connected with an Employee or Director shall have the meaning given in relation to a person connected with a Director or a substantial shareholder, applicable to such person who falls under any one of the following categories:

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

- (a) A member of the Director or substantial shareholder's family, which family shall have the meaning given in Section 122A of the Act;
- (b) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, substantial shareholder or a member of the Director's or substantial shareholder's family is the sole beneficiary;
- (c) A partner of the Director or substantial shareholder or partner of a person connected with that Director or substantial shareholder;
- (d) A person who is accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or substantial shareholder;
- (e) A person in accordance with whose directions, instructions or wishes the Director or substantial shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) A body corporate or its Directors which/ who is/ are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or substantial shareholder;
- (g) A body corporate or its Directors whose directions, instructions or wishes the Director or substantial shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (h) A body corporate in which the Director or substantial shareholder or persons connected with them are entitled to exercise, or control the exercise of, not less than fifteen per centum (15%) of the votes attached to voting shares in the body corporate; or
- (i) A body corporate which is a related corporation

"Scheme"	:	The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "TMC Employees' Share Option Scheme"
"Senior Management"	:	Shall be subject to criteria to be determined by the Option Committee from time to time
"Shares"	:	Ordinary shares of RM0.10 each in the Company
"Subscription Price"	:	The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of By-Law 11

3.2 For the purposes of these By-Laws, all references made to "Bursa Securities" and "Listing Requirements" shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.

3.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

- 3.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 If an event is to occur on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 3.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee shall be exercised in the Option Committee's absolute and unfettered discretion and the Option Committee shall not be under any obligation to give any reason therefor except as may be required by the relevant authorities.

**4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2 At any one time during the duration of the Scheme as provided in By-Law 20.3, the aggregate number of Shares comprised in:
- (a) exercised Options;
  - (b) unexercised Options; and
  - (c) unexpired Offers pending acceptances by the Eligible Persons,

shall not exceed an amount equivalent to fifteen per centum (15%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.

In addition, the allocation to an Eligible Person, who either singly or collectively through Persons Connected with the Eligible Person, holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, does not exceed ten per centum (10%) of the Shares available under the Scheme.

- 4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act or undertaking any other corporate proposal and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers, unless and until such time when the total number of new Shares to be issued pursuant to the Options granted and to be granted under the scheme will not exceed fifteen per centum (15%) of the Company's issued and paid-up ordinary share capital (excluding treasury shares).
- 4.4 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

**5. ELIGIBILITY**

- 5.1 Only Eligible Persons who fulfill the following conditions shall be eligible to participate in the Scheme:-
- (a) must be at least eighteen (18) years of age on the Date of Offer;
  - (b) must have been confirmed on the Date of Offer (in respect of Employee only); and

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

- (c) must comply with any other criteria that the Option Committee may decide at its discretion from time to time,

Provided always that the selection of any Eligible Person for participation in the Scheme and the number of Options to be granted to any Eligible Person shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

- 5.2 For avoidance of doubt, an Eligible Person shall be entitled to participate in more than one (1) Share Grant Scheme (as defined under the Listing Requirements) and/or Share Issuance Scheme (as defined under the Listing Requirements) implemented by any company within the Group at the discretion of the Option Committee, subject to compliance with all applicable laws.
- 5.3 The Option Committee has the discretion to make or not to make further additional Offers regardless of the amount of the Available Balance.
- 5.4 Each Director can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.5 Eligibility under the Scheme does not confer on an Employee or a Director a claim or right to participate in the Scheme unless the Option Committee has made an Offer to the Employee or the Director under By-Law 7, and an Eligible Person does not acquire or have any rights over or in connection with any Options or the Shares comprised therein unless an Offer has been made by the Option Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.6 A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. Verification of allocation shall be carried out by the audit committee of the Company at the end of each financial year and disclosed in the Annual Report of the Company.

## 6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOCATION

- 6.1 The allocation to an Eligible Person shall be subject to the maximum entitlement for the relevant category of Eligible Persons, which shall be determined by the Option Committee at its absolute discretion.
- 6.2 (a) An Offer by the Option Committee to an Eligible Person shall be subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options.
- (b) In the event that an Eligible Person is moved to a higher category during the tenure of the Scheme, then, subject to the discretion of the Option committee whether or not to make an Offer, such promoted Eligible Person may be eligible to be offered additional number of Options based on the higher category after promotion as the Option Committee may in its absolute discretion determine, subject to these By-Laws.
- (c) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:-
- (i) His maximum entitlement shall be reduced as the Option Committee may in its absolute discretion determine;
- (ii) In the event that the total number of Options which have been offered to him up to the date he is moved to the lower category is greater than his maximum entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category or there is an increase to his maximum entitlement under such lower category, so that his maximum entitlement is increased to an amount greater than the total number of Options which have already been offered to him; and

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

- (iii) In the event that the total number of Options which have been offered to him up to the date he is moved to the lower category is less than his maximum entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his maximum entitlement under such lower category.
- 6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Eligible Person, subject to any adjustments which may be made under By-Law 16 and to each Eligible Person's maximum entitlement, shall be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance, contribution, employment grade and length of service of each Eligible Person. The Option Committee shall not be obliged in any way to offer to an Eligible Person all of the specified maximum entitlement. The decision of the Option Committee shall be final and binding. Notwithstanding the foregoing, Directors and Senior Management of the Company shall not participate in the deliberation or discussion of the number of Shares or Options to be offered to them under the Scheme.
- 6.4 The Option Committee may at its discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the maximum entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his maximum entitlement.
- 7. OFFER**
- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's maximum entitlement under By-Law 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:-
- (a) The number of Options that are being offered to the Eligible Person;
  - (b) The number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
  - (c) The Option Period;
  - (d) The Subscription Price;
  - (e) The Offer Period as defined in By-Law 7.3; and
  - (f) Any other conditions as the Option Committee may at its discretion determine.
- ("Letter of Offer").
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("Offer Period").
- 7.4 No Offer shall be made to any Director of the Group or any Eligible Person who is a Person Connected with any Director unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in a general meeting.
- 7.5 Without prejudice to By-Law 23, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.2, the following provisions shall apply:-
- (a) The Company may issue a supplemental Letter of Offer, stating the correct particulars referred to in By-Law 7.2;



**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

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- (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
- (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Letter of Offer shall be the correct Subscription Price applicable as at the date of the original Letter of Offer, but it shall not apply to any Options which have already been exercised as at the date of issue of the supplemental Letter of Offer.

**8. ACCEPTANCE**

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the maximum entitlement or the balance of the maximum entitlement of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future. However, Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of Options available under the Scheme for future Offers.

**9. NON-TRANSFERABILITY**

- 9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 and 14.3, is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 15.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**10. EXERCISE OF OPTION**

- 10.1 Subject to By-Laws 15.2, 15.3, 17 and 18, a Grantee shall be allowed to exercise the Options granted to him on the terms set out in the letter of Offer and these By-Laws, within such period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment of the Group, and within the Option Period.
- 10.2 The maximum percentage of options exercisable by the Grantee in each year shall be determined by the Option Committee. Options which are exercisable in a particular year but are not exercised shall be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of By-Law 10.1 are subject to the provisions of this By-Law 10.2.
- 10.3 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time. The Options shall be exercised in multiples of and not less than one hundred (100) Options. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

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- 10.4 Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft for the full amount of the subscription money in relation to the number of Shares in respect of which the Exercise Notice is given.
- 10.5 Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Articles of Association of the Company, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the listing of and quotation for such Shares.
- 10.6 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.

**11. SUBSCRIPTION PRICE**

The Subscription Price of each Share comprised in any Option shall be the higher of the following:-

- (a) a price to be determined by the Board upon recommendation of the Option Committee based on the weighted average market price of the Shares as quoted on Bursa Securities for the five (5) Market Days immediately preceding the Date of Offer ("**5-Day WAMP**"), PROVIDED THAT any discount on the 5-Day WAMP will not be more than ten per centum (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS; or
- (b) the par value of the Shares;

subject to such adjustments as stipulated under By-Law 16 herein or as may be amended from time to time.

**12. RIGHTS OF A GRANTEE**

- 12.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 12.2 A Grantee shall not be entitled to any dividends, rights, allotments, distributions or other entitlements on his unexercised Options.

**13. RIGHTS ATTACHING TO SHARES**

The new Shares to be issued upon exercise of any Options shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing Shares and any other Shares issued by the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the new Shares to be issued pursuant to the exercise of the Options.

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

**14. HOLDING OF SHARES**

- 14.1 The new Shares to be allotted and issued to a Grantee pursuant to the exercise of Options under the Scheme will not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's individual/nominee CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 14.2 Notwithstanding By-Law 14.1, a Grantee who is a non-executive Director must not sell, transfer or assign Shares obtained through the exercise of the Options offered to him/her within one (1) year from the Date of Offer.

**15. TERMINATION OF OPTION**

- 15.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-
- (a) Termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
  - (b) If the Grantee becomes a bankrupt.

Upon the termination of Options pursuant to By-Law 15.1(a) or (b) above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

- 15.2 Notwithstanding By-Law 15.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:-
- (a) Retirement in accordance with the normal retirement policy of the Group from time to time; or
  - (b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
  - (c) Ill-health, injury, physical or mental disability; or
  - (d) Retrenchment or voluntary separation scheme; or
  - (e) Transfer to any company outside the Group at the direction of the Company; or
  - (f) Any other circumstance acceptable to the Option Committee.
- 15.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

The exercise of Options in the proportions set out in By-Law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

**16. ALTERATION OF CAPITAL**

16.1 Subject to By-Law 16.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

- (a) The number of Options granted to each Grantee; and/or
- (b) The Subscription Price,

as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.

The computation for the adjustment to the number of Options granted to each Grantee and/or the Subscription Price is set out in Appendix A to these By-Laws.

16.2 By-Law 16.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-

- (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
- (b) An issue of securities as consideration for an acquisition; or
- (c) An issue of securities as a private placement; or
- (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
- (e) A restricted issue of securities; or
- (f) An issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
- (g) An issue of further Options to Eligible Persons under these By-Laws; or
- (h) A purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
  - (i) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is greater than fifteen per centum (15%) of the issued capital of the Company after such designation or cancellation, the Option Committee shall not make any further Offers; and
  - (ii) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is less than fifteen per centum (15%) of the issued capital of the Company after such designation or cancellation, the Option Committee may make further Offers only until the total number of new Shares to be issued pursuant to the Options granted by the Company is equivalent to fifteen per centum (15%) of the issued capital of the Company after such designation or cancellation.

16.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 16.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is applicable, but By-Law 16.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is not applicable as set out in By-Law 16.2.

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

- 16.4 Upon any adjustment being made, the Option Committee shall give notice in writing within a period of two (2) months from the date of the adjustment, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments other than on a bonus issue must be confirmed in writing either by an approved external auditor of the Company or the adviser (which must be a principal adviser under the Securities Commission Malaysia's Principal Adviser's Guidelines). Nevertheless, for the avoidance of doubt, by virtue of By-Law 28, the decision of the Board shall be final and binding in all respects.
- 16.5 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor stating the opinion of such auditor, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 8 of the Act. Nevertheless, for the avoidance of doubt, by virtue of By-Law 28, the decision of the Board shall be final and binding in all respects.
- 17. TAKE-OVERS AND MERGERS**
- 17.1 In the event of an offer being made for Shares under the Capital Markets And Services Act, 2007 and the Malaysian Code on Take-Overs and Mergers, 2010 and such offer being declared unconditional, the following provisions shall apply:-
- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.3. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
- (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Capital Markets and Services Act, 2007 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.3. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.
- 17.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date on which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date such compromise or arrangement becomes effective.
- 17.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply in respect of By-Laws 17.1(a), 17.1(b) and 17.2 above.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

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**18. DIVESTMENT FROM GROUP**

- 18.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-
- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment until the Date of Expiry and in accordance with the provisions of By-Law 10.3. In this instance, the limits and conditions on the exercise of Options, if any, shall be determined by the Option Committee. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon Date of Expiry; and
  - (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 18.2 For the purposes of By-Law 18.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

**19. LIQUIDATION**

In the event that any order is made or the date on which a provisional liquidator is appointed by the Company in the case of a voluntary winding-up or the date on which a petition for winding-up is served on or resolution is passed by the shareholders of the Company to wind up the Company, all unexercised or partially exercised Options shall cease and be null and void and have no further effect from the effective date of the order or resolution, as the case may be, for such winding-up or liquidation of the Company.

**20. DURATION, TERMINATION AND EXTENSION OF SCHEME**

- 20.1 The effective date for the implementation and launching of the Scheme ("**Effective Date**") shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:-
- (a) Submission of the final copy of these By-Laws pursuant to paragraph 6.42 of the Listing Requirements;
  - (b) Receipt of approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares to be issued under the Scheme;
  - (c) The approval of the Company's shareholders in a general meeting for the Scheme and the approvals of any other relevant authorities, where applicable; and
  - (d) The fulfillment of all conditions attaching to the aforesaid approvals, if any.
- 20.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to paragraph 6.43(2) of the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

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- 20.3 The Scheme shall be in force for a period of five (5) years from the Effective Date ("**Option Period**"), provided always that on or before the expiry thereof, the Option Committee shall have the absolute discretion, without the approval of the Company's shareholders in general meeting, to extend the duration of the Scheme (as the Option Committee may deem fit) for up to a further five (5) years ("**Extended Option Period**") provided that the initial Option Period and the Extended Option Period shall not in aggregate exceed the duration of ten (10) years from the Effective Date. The Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme. Any Extended Option Period under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force.
- 20.4 Offers can only be made during the duration of the Scheme before the Date of Expiry.
- 20.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

**21. TERMINATION OF THE SCHEME**

- 21.1 Notwithstanding the provisions of By-Law 20.3, the Scheme may, upon the approval from the Board, be terminated at any time during its duration and may do so notwithstanding that there may be Grantees who have yet to exercise their Options, whether in whole or in part.
- 21.2 No Grantee shall be entitled to any compensation for damages arising from the termination of this Scheme pursuant to the provisions of these By-Laws.
- 21.3 In the event that the Company terminates the Scheme before its expiry, the Company shall immediately announce to Bursa Securities:
- (a) the effective date of termination;
  - (b) the number of Options exercised or shares vested; and
  - (c) the reason for termination.

**22. SUBSEQUENT EMPLOYEE SHARE OPTION, ISSUANCE OR GRANT SCHEME**

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may at any time during the Option Period or Extended Option Period of the Scheme, establish further Share Grant Scheme (as defined under the Listing Requirements) and/or Share Issuance Scheme (as defined under the Listing Requirements) provided that the aggregate number of shares available under all Employees Share Scheme (as defined under the Listing Requirements) does not breach the limit stipulated in By-Law 4.2.

**23. ADMINISTRATION**

- 23.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 23.2 Without limiting the generality of By-Law 23.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 23.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)****24. AMENDMENT**

- 24.1 Subject to By-Law 24.2 and compliance with the Listing Requirements, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting the amended By-Laws and a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes, within five (5) Market Days of the effective date of the said amendments pursuant to paragraph 6.42 and 6.43 of the Listing Requirements.
- 24.2 The approval of the Grantees or the shareholders of the Company in general meeting shall not be required PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) Increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.2.
- 24.3 These By-Laws shall not be amended or modified in any way whatsoever for the advantage of the Eligible Persons or Grantees without the prior approval of the shareholders in a general meeting unless otherwise allowed by the provisions of the Listing Requirements.

**25. INSPECTION OF ACCOUNTS**

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company during normal business hours from Monday to Friday (except public holidays).

**26. SCHEME NOT A TERM OF EMPLOYMENT**

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee or Director.

**27. NO COMPENSATION FOR TERMINATION**

No Employee or Director shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws.

**28. DISPUTES**

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from deliberations and voting, and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

**29. COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of Options, shall be borne by the Company.



**DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)**

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**30. ARTICLES OF ASSOCIATION**

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

**31. GOVERNING LAW**

The Scheme and these By-Laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

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## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

## APPENDIX A

The Subscription Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the Option Committee and certified by the external auditors (acting as experts and not as arbitrators) in accordance with the following relevant provisions:-

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price and the additional Shares comprised in the Options so far as unexercised ("**Additional Shares Under Option**") shall be adjusted, calculated or determined in the following manner:-

$$\text{New Subscription Price} = \frac{S \times \text{Revised par value for each Share}}{\text{Original par value for each Share}}$$

$$\text{Additional Shares Under Option} = \frac{T \times \text{Original par value for each Share}}{\text{Revised par value for each Share}} - T$$

Where:-

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

(The par value shall be adjusted to the revised par value)

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:-

A = The aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

- (c) If and whenever the Company shall make:-
- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or
  - (ii) Any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
  - (iii) Any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:-

- S = Existing Subscription Price
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (A) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:-

$$\frac{C - E}{F + 1}$$

Where:-

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and
- 1 = One (1)

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:-

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:-

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;

C = C in this paragraph (c); and

D\* = The "value of the rights attributable to one (1) Share" (as defined below)

For the purpose of D\* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:-

$$\frac{C - E^*}{F^* + 1}$$

Where:-

C = C in this paragraph (c);

E\* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share;

F\* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and

1 = One (1).

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:-

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = The aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as the case may be;
- H\* = The aggregate number of shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share as the case may be;
- I\* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for Shares by the ordinary shareholders;
K	=	The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	J as in paragraph (e) above;
K	=	K as in paragraph (e) above;
B	=	B as in paragraph (b) above;
S	=	Existing Subscription Price; and

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

T = Existing number of shares comprised in the Option in respect of the right to subscribe for new shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as define below) is less than ninety per centum (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determine, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (L + M)}{L + N}$$

Where:-

- L = The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses);
- N = The aggregate number of Shares which so issued or in the case of securities convertible into Shares of with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversation of such securities or the exercise in full of such rights; and
- S = Existing Subscription Price

For the purposes of this paragraph (g) the "Total Effective Consideration" shall be determined by the directors of the Company with the concurrence of an adviser and/or the external auditor and shall be:-

- (a) In the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) In the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) In the case of the issue by the Company of securities with rights to acquire or subscription for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from either the last dealt prices or average transacted prices for one (1) or more board lots of the Shares as quoted on the Securities Exchange on the Market Days comprised in the period used as a basic upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Securities Exchange on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering price of such shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be either the average of the last dealt price or average transacted price for the five (5) consecutive Market Days before such date or other period as may be determined in accordance with any guidelines issued, from time to time, by the SC.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:-

- (a) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of larger par value) involve an increase in the Subscription Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (g) of By-Law 16.1 (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (d) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (e) No adjustment shall be made in any event whereby the Subscription Price would be reduced to below the par value of a Share and in the event that any adjustment shall result in the Subscription Price be reduced below the par value of a Share, then the adjustment shall be made to the par value of a Share only;



DRAFT BY-LAWS FOR THE PROPOSED ESOS (Cont'd)

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- (f) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded;
- (g) Notwithstanding the provisions referred to in this Appendix A, the Option Committee may at its sole and absolute discretion determine whether any adjustments to the Subscription Price, the number of Options and/or new Shares (as the case may be) to be calculated on a different basis or date or should take effect on a different date or that such adjustment be made to the Subscription Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this Appendix A; and
- (h) If an event occurs and is not set out in this Appendix A or if the application of any of the formula to an event results manifest error or does not, in the opinion of the Option Committee, achieve the desired result of preventing the dilution or enlargement of the Eligible Person's right, the Option Committee may agree to an adjustment subject to the provisions as contained in this Appendix A provided that all the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner as the Option Committee may consider appropriate.

**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

The Board has seen and approved this Circular 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.

Information on BB Waterfront and Best Blend has been provided by the management of Best Blend, and the responsibility of the Board is limited to ensuring that such information is accurately reproduced in this Circular.

**2. CONSENT AND CONFLICT OF INTEREST****(i) Maybank IB**

Maybank IB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and is engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for the Company, subsidiaries, joint venture and/or associate companies, in addition to the roles set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Group, its shareholders and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by the Group and/or its affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of the Group and/or its affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interest of the Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Group has outstanding credit facilities with the Maybank Group. The said credit facilities have been extended by the Maybank Group in its ordinary course of business.

Notwithstanding this, Maybank IB has confirmed that the aforesaid lending relationship will not give rise to a conflict of interest situation in its capacity as Principal Adviser for the Proposals as:

- (i) The extension of credit facilities arose in the ordinary course of business of the Maybank Group;
- (ii) The conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013 and the Maybank Group's own internal controls and checks; and

**FURTHER INFORMATION** (Cont'd)

- (iii) The total outstanding amount owed by the Group to the Maybank Group is not material when compared to the audited NA of the Maybank Group as at 31 December 2014 of RM53.0 billion.

Maybank IB has also confirmed that it is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser for the Proposals.

**(ii) Mercury Securities**

Mercury Securities, being the independent adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

Mercury Securities is also not aware of any conflict of interest which exists or is likely to exist in its capacity as the independent adviser for the Proposed Acquisition.

**(iii) BDO**

BDO, being the Reporting Accountants for the Proposals, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, Accountants' Report and Reporting Accountants' letter on the pro forma consolidated statement of financial position of the Company as at 31 May 2014 and all references thereto in the form and context in which they appear in this Circular.

BDO is also not aware of any conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants for the Proposals.

**3. MATERIAL COMMITMENTS**

Saved as disclosed below, as at the LPD, the Board is not aware of any material commitment, incurred or known to be incurred by the Group, which, upon becoming enforceable, may have a material impact on the financial position of the Group:

	<u>RM'000</u>
Capital expenditure in respect of purchase of property, plant and equipment	
- Authorised and contracted	3,841
- Authorised but not contracted	3,915

**4. CONTINGENT LIABILITIES**

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

**5. MATERIAL LITIGATION**

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

**FURTHER INFORMATION** *(Cont'd)*

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (excluding public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) M&A of the Company and BB Waterfront;
- (ii) audited consolidated financial statements of the Company for the past two (2) FYE 31 May 2013 and FYE 31 May 2014 and the latest unaudited consolidated results of the Company for the FPE 28 February 2015;
- (iii) audited financial statements of BB Waterfront for the past two (2) FYE 31 March 2013 and FYE 31 March 2014 and the latest unaudited results of BB Waterfront for the FPE 31 December 2014;
- (iv) the SPA;
- (v) draft By-Laws, as attached in Appendix VI of this Circular;
- (vi) letters of consent as referred to in Section 2 of Appendix VII of this Circular;
- (vii) draft deed poll constituting the Warrants;
- (viii) pro forma consolidated statement of financial position of the Company as at 31 May 2014 together with the Reporting Accountants' letter thereon, as attached in Appendix IV of this Circular;
- (ix) Accountants' Report on BB Waterfront, as attached in Appendix III of this Circular; and
- (x) Directors' Report on BB Waterfront, as attached in Appendix V of this Circular.

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# TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting ("**EGM**") of TMC Life Sciences Berhad ("**TMC**" or "**Company**") will be held at Greens I, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 28 May 2015 at 11.00 a.m. or any adjournment thereof for the purpose of considering and if deemed fit, passing the following resolutions:

### ORDINARY RESOLUTION 1

**PROPOSED ACQUISITION BY THE COMPANY OF 1,000,000 ORDINARY SHARES OF RM1.00 EACH, REPRESENTING THE ENTIRE EQUITY INTEREST OF BB WATERFRONT SDN. BHD. FROM BEST BLEND SDN. BHD. FOR A PURCHASE CONSIDERATION OF RM400,000,000 TO BE SATISFIED VIA THE ISSUANCE OF 533,333,333 NEW ORDINARY SHARES OF RM0.10 EACH IN TMC ("SHARES") ("CONSIDERATION SHARES") AT AN ISSUE PRICE OF RM0.75 PER SHARE, TOGETHER WITH 266,666,666 FREE DETACHABLE WARRANTS ("CONSIDERATION WARRANTS") ON THE BASIS OF ONE (1) CONSIDERATION WARRANT FOR EVERY TWO (2) CONSIDERATION SHARES**

**"THAT**, subject to the passing of Ordinary Resolutions 2 and 3 and subject to the approval of all relevant authorities or parties being obtained (if required) and the conditions precedent in the share sale and purchase agreement dated 6 February 2015 entered into between the Company and Best Blend Sdn. Bhd. ("**Vendor**") ("**SPA**") being fulfilled or waived (as the case may be), approval be and is hereby given for the Company to acquire 1,000,000 ordinary shares of RM1.00 each, representing the entire equity interest of BB Waterfront Sdn. Bhd. from the Vendor for a purchase consideration of RM400,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in the Company ("**Shares**" or "**TMC Shares**") at an issue price of RM0.75 per Share ("**Consideration Shares**"), together with 266,666,666 free detachable warrants ("**Consideration Warrants**") on the basis of one (1) Consideration Warrant for every two (2) TMC Shares upon and subject to the terms and conditions as stipulated in the SPA ("**Proposed Acquisition**");

**THAT** pursuant to the terms of the SPA, approval be and is hereby given for the Company to allot and issue the Consideration Shares and Consideration Warrants to the Vendor and/or its nominee(s), if applicable;

**THAT** approval be and is hereby given to the Board of Directors of the Company ("**Board**") to allot and issue such new TMC Shares pursuant to the exercise of the Consideration Warrants;

**THAT** the Board is hereby authorised to:-

- (a) enter into and execute the deed poll constituting the Consideration Warrants ("**Deed Poll**") with full powers to assent to any conditions, variations, modifications and/or any amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;
- (b) allot and issue such appropriate number of Consideration Warrants in accordance with the provisions of the Deed Poll, including any additional Consideration Warrants as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of the Consideration Warrants to which the holder(s) of the Consideration Warrants are entitled to be issued as a consequence of an adjustment under the provisions of the Deed Poll; and

- (c) allot and issue an appropriate number of TMC Shares, credited as fully paid-up, to the holder(s) of Consideration Warrants arising from the exercise of the Consideration Warrants by the holders of the Consideration Warrants of their exercise rights in accordance with the provisions of the Deed Poll, including such appropriate number of new TMC Shares arising from the exercise of the subscription rights represented by the additional Consideration Warrants issued as a result of adjustment in accordance with the provisions of the Deed Poll;

**THAT** the Consideration Shares and the new TMC Shares to be issued upon exercise of the Consideration Warrants and additional Consideration Warrants shall, upon allotment and issuance, rank equally in all respect with each other and with the then existing TMC Shares and any other TMC Shares issued by the Company, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares or such new TMC Shares to be allotted and issued pursuant to the exercise of the Consideration Warrants;

**THAT** the proceeds arising from the exercise of the Consideration Warrants, if any, be utilised for the purposes set out in the circular to shareholders of the Company dated 8 May 2015 ("**Circular**") and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby authorised and empowered to give full effect to the Proposed Acquisition and the SPA with full power to complete and implement the Proposed Acquisition in such manner as the Board may deem fit or necessary, to negotiate, approve, agree and/or assent to any conditions, variations, revaluations, modifications and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the SPA, the Deed Poll and such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient or in the best interest of the Company."

## **ORDINARY RESOLUTION 2**

### **PROPOSED BONUS ISSUE OF 599,760,718 FREE DETACHABLE WARRANTS IN TMC TO ALL ENTITLED SHAREHOLDERS OF TMC ON THE BASIS OF ONE (1) FREE DETACHABLE WARRANT FOR EVERY TWO (2) EXISTING TMC SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER**

"**THAT**, subject to the passing of Ordinary Resolutions 1 and 3 and subject to the approval of all relevant authorities or parties being obtained (if required), the Board of Directors of the Company ("**Board**") be and is hereby authorised to issue the 599,760,718 free detachable warrants ("**Bonus Warrants**") to the shareholders of TMC whose names appear on the Record of Depositors of the Company at 5.00 p.m. on the entitlement date to be determined and announced later, on the basis of one (1) Bonus Warrant for every two (2) existing ordinary shares of RM0.10 each in the Company ("**TMC Shares**") ("**Proposed Bonus Issue Of Warrants**");

**THAT** approval be and is hereby given to the Board to allot and issue new TMC Shares pursuant to the exercise of the Bonus Warrants;

**THAT** the Board be and is hereby authorised to:-

- (a) enter into and execute the deed poll constituting the Bonus Warrants ("**Deed Poll**") with full powers to assent to any conditions, variations, modifications and/or any amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;

- (b) allot and issue such appropriate number of Bonus Warrants in accordance with the provisions of the Deed Poll, including any additional Bonus Warrants as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of the Bonus Warrants to which the holder(s) of the Bonus Warrants are entitled to be issued as a result of an adjustment in accordance with the provisions of the Deed Poll; and
- (c) allot and issue an appropriate number of TMC Shares, credited as fully paid-up, to the holder(s) of Bonus Warrants arising from the exercise of the Bonus Warrants by the holders of the Bonus Warrants of their exercise rights in accordance with the provisions of the Deed Poll, including such appropriate number of new TMC Shares arising from the exercise of the rights represented by the additional Bonus Warrants issued as a result of adjustment in accordance with the provisions of the Deed Poll;

**THAT** the new TMC Shares to be issued upon exercise of the Bonus Warrants and additional Bonus Warrants shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing TMC Shares and any other TMC Shares issued by the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new TMC Shares to be allotted and issued pursuant to the exercise of the Bonus Warrants;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements that may arise from the Proposed Bonus Issue of Warrants in such manner and on such terms and conditions as the Board shall at its absolute discretion deems fit, necessary and/or expedient and in the best interest of the Company (including without limitation to disregard such fractional entitlements);

**THAT** the proceeds arising from the exercise of the Bonus Warrants, if any, be utilised for the purposes set out in the Circular and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby authorised and empowered to give full effect to the Proposed Bonus Issue of Warrants with full power to assent to and accept any conditions, modifications, variations arrangements and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company, the Deed Poll and all such other documents with any party or parties and to take all such steps and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants."

### **ORDINARY RESOLUTION 3**

#### **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF TMC FROM RM200,000,000 COMPRISING 2,000,000,000 TMC SHARES TO RM500,000,000 COMPRISING 5,000,000,000 TMC SHARES AND IN CONSEQUENCE THEREOF, THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY BE ALTERED ACCORDINGLY**

**"THAT**, subject to the passing of Ordinary Resolutions 1 and 2, approval be and is hereby given for the authorised share capital of the Company to be increased from RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each in the Company to RM500,000,000 comprising 5,000,000,000 TMC Shares by the creation of an additional 3,000,000,000 new TMC Shares and that the Memorandum and Articles of Association of the Company and all other documents be and are hereby altered accordingly ("**Proposed IASC**").

**AND THAT** the Board of Directors ("**Board**") be and is hereby authorised to do all such acts and things as necessary and/or expedient to give full effect to the Proposed IASC with full power to assent to and accept any conditions, modifications, variations, arrangements and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board."

#### ORDINARY RESOLUTION 4

##### PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF TMC ("PROPOSED ESOS")

"**THAT**, subject to the approval of all relevant authorities, including but not limited to, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new TMC Shares to be issued hereunder, the Board of Directors ("**Board**") be and is hereby authorised to:-

- (a) establish, implement and administer an employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**ESOS**" or "**Scheme**") for the benefit of all eligible employees and Directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("**Eligible Persons**"), in accordance with the provisions of the draft by-laws of the Scheme ("**By-Laws**") as set out in Appendix VI of the Circular to shareholders dated 8 May 2015 and to adopt and approve the By-Laws and to give full effect to the Scheme with full power to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient or necessary and/or imposed/agreed to by the relevant authorities and execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents;
- (b) do all things necessary and make the necessary applications at the appropriate time or times to Bursa Securities for the listing of and quotation for the new TMC Shares which may from time to time be allotted and issued pursuant to the Scheme;
- (c) to allot and issue from time to time such number of new TMC Shares as may be required to be issued pursuant to the exercise of the options under the Proposed ESOS provided that the total number of new TMC Shares to be issued under the Proposed ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any point in time during the existence of the Scheme and that such new TMC Shares to be allotted and issued pursuant to the exercise of the options shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing TMC Shares and any other TMC Shares issued by the Company, save and except that the new TMC Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new TMC Shares to be allotted and issued pursuant to the exercise of the options;
- (d) **THAT** the Board is hereby authorised to do all such acts, execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents as may be necessary with full powers to assent to any arrangement, condition, modification, variation and/or amendment thereto as the Board may deem fit and/or as may be imposed by any relevant regulatory authorities in connection with the Proposed ESOS;
- (e) **THAT** the Board is hereby authorised to amend and/or modify the Proposed ESOS from time to time as may be required/permitted by the relevant regulatory authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications and to take all such acts and steps and to enter into such transactions, agreements, arrangements, undertakings, indemnities, transfers, assignments, deeds and/or guarantees with any party or parties, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and to give full effect to the Proposed ESOS."



#### **ORDINARY RESOLUTION 5**

##### **PROPOSED ALLOCATION OF ESOS OPTIONS TO PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR**

"**THAT**, subject to the passing of Ordinary Resolution 4 and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, the Non-Independent Non-Executive Chairman of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

#### **ORDINARY RESOLUTION 6**

##### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DR. WONG CHIANG YIN**

"**THAT**, subject to the passing of Ordinary Resolution 4 and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Dr. Wong Chiang Yin, the Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

#### **ORDINARY RESOLUTION 7**

##### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' DR. TAN KEE KWONG**

"**THAT**, subject to the passing of Ordinary Resolution 4 and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Dato' Dr. Tan Kee Kwong, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

## **ORDINARY RESOLUTION 8**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO GARY HO KUAT FOONG**

"**THAT**, subject to the passing of Ordinary Resolution 4 and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Dato' Gary Ho Kuat Foong, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

## **ORDINARY RESOLUTION 9**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DR. CHAN BOON KHENG**

"**THAT** subject to the passing of Ordinary Resolution 4 above and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Dr. Chan Boon Kheng, the Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

## **ORDINARY RESOLUTION 10**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO CLAIRE LEE SUK LENG**

"**THAT**, subject to the passing of Ordinary Resolution 4 and the approval of the relevant authorities or parties being obtained, the Board of Directors be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme to be known as "TMC Employees' Share Option Scheme" ("**Proposed ESOS**" or "**Scheme**"), to offer and/or grant to Claire Lee Suk Leng, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.10 each in the Company ("**TMC Shares**") to be issued under the Proposed ESOS PROVIDED THAT not more than ten percent (10%) of the new TMC Shares available under the Scheme at the point in time when the offer is made, should be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of TMC, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the Proposed ESOS."

## **BY ORDER OF THE BOARD**

**SEOW FEI SAN**  
**MOK MEE KEE**  
Company Secretaries

Petaling Jaya  
8 May 2015

**Notes:**

- <sup>(1)</sup> Only members whose names appear in the Record of Depositors as at 21 May 2015 shall be regarded as members and entitled to attend, speak and vote at the meeting.
- <sup>(2)</sup> 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) of the Companies Act, 1965 shall not apply to the Company.
- <sup>(3)</sup> A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the EGM. 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 presented by each proxy.
- <sup>(4)</sup> Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- <sup>(5)</sup> Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- <sup>(6)</sup> The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hands of its officer or attorney duly authorised.
- <sup>(7)</sup> The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the EGM or any adjournment thereof.



# TMC LIFE SCIENCES BERHAD

(624409-A)

(Incorporated in Malaysia under the Companies Act, 1965)

## FORM OF PROXY

I/We \_\_\_\_\_ (BLOCK LETTERS)  
NRIC No./Company No. \_\_\_\_\_ of  
being (a) Member(s) of TMC LIFE SCIENCES BERHAD (624409-A) hereby appoint \_\_\_\_\_ of

\_\_\_\_\_ of  
or failing him/her, \_\_\_\_\_ of  
or failing him/her, the Chairman of Meeting, as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the  
Extraordinary General Meeting ("EGM") of the Company to be held at Greens I, Tropicana Golf and Country  
Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 28 May 2015  
at 11.00 a.m., or any adjournment thereof and to vote as indicated below:-

RESOLUTIONS	DESCRIPTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1	PROPOSED ACQUISITION		
ORDINARY RESOLUTION 2	PROPOSED BONUS ISSUE OF WARRANTS		
ORDINARY RESOLUTION 3	PROPOSED IASC		
ORDINARY RESOLUTION 4	PROPOSED ESOS		
ORDINARY RESOLUTION 5	PROPOSED ALLOCATION OF ESOS OPTIONS TO PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR		
ORDINARY RESOLUTION 6	PROPOSED ALLOCATION OF ESOS OPTIONS TO DR. WONG CHIANG YIN		
ORDINARY RESOLUTION 7	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' DR. TAN KEE KWONG		
ORDINARY RESOLUTION 8	PROPOSED ALLOCATION OF ESOS OPTIONS TO GARY HO KUAT FOONG		
ORDINARY RESOLUTION 9	PROPOSED ALLOCATION OF ESOS OPTIONS TO DR. CHAN BOON KHENG		
ORDINARY RESOLUTION 10	PROPOSED ALLOCATION OF ESOS OPTIONS TO CLAIRE LEE SUK LENG		

Please indicate with and "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, your proxy will vote or abstain at his/her discretion.

Dated this ..... day of....., 2015.

No. of Shares Held	
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Signature

### Notes:

- (1) Only members whose names appear in the Record of Depositors as at 21 May 2015 shall be regarded as members and entitled to attend, speak and vote at the meeting.
- (2) 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) of the Companies Act, 1965 shall not apply to the Company.
- (3) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the EGM. 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 presented by each proxy.
- (4) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- (5) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hands of its officer or attorney duly authorised.
- (7) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the EGM or any adjournment thereof.

Fold this flap for sealing

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Then fold here

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AFFIX  
STAMP

The Company Secretary  
**TMC Life Sciences Berhad**  
802, 8th Floor, Block C, Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

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