

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or any other appropriate professional advisers immediately. Shareholders of TMC Life Sciences Berhad ("TMC" or the "Company") should rely on their own evaluation to assess the merits and demerits of the proposals contained in this Circular.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

As at the date of this Circular, the Proposed Rights Issue (as defined herein) and the Proposed Transfer (as defined herein) are still pending the approval of the Securities Commission ("SC") and other relevant authorities. Shareholders' approval would be subject to conditions and/or modifications that may be set by the SC and or relevant authorities subsequent to the issuance of this Circular.



**TMC LIFE SCIENCES BERHAD**

(Company No: 624409-A)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

**PART A**

- (I) **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (II) **PROPOSED RIGHTS ISSUE;**
- (III) **PROPOSED BONUS ISSUE;**
- (IV) **PROPOSED TRANSFER; AND**
- (V) **PROPOSED AMENDMENTS**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

**PART B**

- (I) **PROPOSED ACQUISITION OF SRIGIM; AND**
- (II) **PROPOSED ACQUISITION OF PROPERTY**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSED ACQUISITIONS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Adviser for Part A**



**PM Securities Sdn. Bhd.**  
(66299-A) *An Approved Universal Broker*

The Notice of the Extraordinary General Meeting of TMC to be held at Casuarina Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 30 June 2008 at 11.20 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Fifth (5th) Annual General Meeting of the Company, which will be held at the same venue and on the same day at 11.00 a.m., whichever is later or the adjournment thereof, together with the Form of Proxy is enclosed with this Circular. You are requested to complete the enclosed Form of Proxy and deposit it at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 28 June 2008 at 11.20 a.m.  
Date and time of the Extraordinary General Meeting : Monday, 30 June 2008 at 11.20 a.m.

**This Circular is dated 6 June 2008**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

**PART A**

- (I) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL FROM RM25,000,000 COMPRISING 250,000,000 ORDINARY SHARES OF RM0.10 EACH IN TMC TO RM100,000,000 COMPRISING 1,000,000,000 ORDINARY SHARES OF RM0.10 EACH IN TMC BY THE CREATION OF AN ADDITIONAL 750,000,000 ORDINARY SHARES OF RM0.10 EACH IN TMC (“PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL”);**
- (II) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 185,163,000 NEW ORDINARY SHARES OF RM0.10 EACH IN TMC (“RIGHTS SHARES”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH HELD IN TMC ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, AT AN INDICATIVE ISSUE PRICE OF RM0.20 PER RIGHTS SHARE (“PROPOSED RIGHTS ISSUE”);**
- (III) PROPOSED BONUS ISSUE OF 231,453,750 NEW ORDINARY SHARES OF RM0.10 EACH IN TMC (“BONUS SHARES”) ON THE BASIS OF FIVE (5) BONUS SHARES FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED BY THE ENTITLED SHAREHOLDERS OF TMC AND/OR THEIR RENOUNCEES PURSUANT TO THE PROPOSED RIGHTS ISSUE (“PROPOSED BONUS ISSUE”);**
- (IV) PROPOSED TRANSFER OF THE LISTING OF AND QUOTATION FOR THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF TMC OF RM60,177,975 COMPRISING 601,779,750 ORDINARY SHARES OF RM0.10 EACH FROM THE MESDAQ MARKET TO THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD AFTER THE PROPOSED RIGHTS ISSUE AND THE PROPOSED BONUS ISSUE (“PROPOSED TRANSFER”); AND**
- (V) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF TMC (“PROPOSED AMENDMENTS”)**

**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

**PART B**

- (I) PROPOSED ACQUISITION OF 100 ORDINARY SHARES OF RM1.00 EACH REPRESENTING THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SRIGIM MEDICAL CENTRE SDN BHD BY TMC FROM TANG SWEE HOR AND SEE EWE BENG FOR A CASH CONSIDERATION OF RM6,131,000 (“PROPOSED ACQUISITION OF SRIGIM”); AND**
- (II) PROPOSED ACQUISITION OF ALL THAT PIECE OF LAND HELD UNDER GRN 62532 FOR LOT NO. 4778 SECTION 5, BANDAR GEORGETOWN, DAERAH TIMOR LAUT, PENANG MEASURING IN AREA OF APPROXIMATELY 1,653 SQUARE METRES TOGETHER WITH A FOUR (4) STOREY BUILDING KNOWN AS SRIGIM MEDICAL CENTRE AND BEARING THE POSTAL ADDRESS OF 12A, JALAN MASJID NEGERI, 11600 PENANG BY TMC FERTILITY (PENANG) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TMC FROM SEBCO SDN BHD FOR A CASH CONSIDERATION OF RM7,325,000 (“PROPOSED ACQUISITION OF PROPERTY”)**

**(COLLECTIVELY REFERRED TO AS THE “PROPOSED ACQUISITIONS”)**

## DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, words and abbreviations as expressed herein shall have the following meanings:-

<b>Act</b>	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
<b>AGM</b>	:	Annual General Meeting
<b>Board</b>	:	Board of Directors of TMC
<b>Bonus Shares</b>	:	231,453,750 new ordinary shares of RM0.10 each in TMC to be issued pursuant to the Proposed Bonus Issue
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad
<b>CDS</b>	:	Central Depository System
<b>Circular</b>	:	This circular to shareholders of TMC dated 6 June 2008 in relation to the Proposals (Part A) and the Proposed Acquisitions (Part B)
<b>Deed of Indemnity</b>	:	The deed dated 17 March 2008 entered between Srigim and the Srigim Vendors whereby the Srigim Vendors jointly and severally covenant with Srigim to indemnify Srigim against any liability for taxation which arises wholly or partly in respect of, or in consequence of any acts omissions or transactions occurring or entered into on or before the 2 <sup>nd</sup> Payment Date (as defined in the Share SPA)
<b>EGM</b>	:	Extraordinary General Meeting
<b>Entitled Shareholders</b>	:	The shareholders of TMC whose names appear in the Record of Depositors of TMC on the Entitlement Date for the Proposed Rights Issue and the Proposed Bonus Issue
<b>Entitlement Date</b>	:	The date at the close of business on which the names of the shareholders of TMC must appear on TMC's Record of Depositors in order to participate in the Proposed Rights Issue and the Proposed Bonus Issue, to be determined and announced later by the Board
<b>EPS</b>	:	Earnings per share
<b>FIC</b>	:	Foreign Investment Committee
<b>FIC Guidelines</b>	:	Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests and the Guidelines on the Acquisition of Properties by Local and Foreign Interests issued by the FIC, and any amendments made thereto from time to time
<b>Guarantor</b>	:	See Ewe Beng, being the guarantor pursuant to the Profit Guarantee Agreement
<b>Listing Requirements</b>	:	Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
<b>LPD</b>	:	22 May 2008, being the latest practicable date prior to the printing of this Circular

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**DEFINITIONS (Cont'd)**

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<b>Market Day(s)</b>	:	Any day between Monday to Friday (both days inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
<b>MESDAQ Market</b>	:	MESDAQ Market of Bursa Securities
<b>NA</b>	:	Net assets
<b>PATMI</b>	:	Profit after tax and minority interests
<b>PBT</b>	:	Profit before tax
<b>PM Securities or Adviser</b>	:	PM Securities Sdn Bhd, an approved Universal Broker
<b>Profit Guarantee Agreement</b>	:	The agreement dated 17 March 2008 entered into by TMC with the Guarantor and Srigim whereby the Guarantor irrevocably guarantees to TMC that the after tax profit of Srigim shall not be less than RM700,000 for the one (1) year period commencing from the first (1 <sup>st</sup> ) day of the month immediately after the 2 <sup>nd</sup> Payment Date
<b>Property</b>	:	All that piece of land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area of approximately 1,653 square metres together with a four (4) storey building known as Srigim Medical Centre and bearing the postal address of 12A, Jalan Masjid Negeri, 11600 Penang
<b>Property Purchase Consideration</b>	:	RM7,325,000, being the total purchase consideration for the Proposed Acquisition of Property, to be entirely satisfied by cash
<b>Property SPA</b>	:	The principal conditional Sale and Purchase Agreement dated 17 March 2008 entered into between TMC and SEBCO in relation to the Proposed Acquisition of Property
<b>Proposals</b>	:	The Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue, Proposed Transfer and the Proposed Amendments, collectively
<b>Proposed Acquisition of Property</b>	:	The proposed acquisition of all that piece of land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area of approximately 1,653 square metres together with a four (4) storey building known as Srigim Medical Centre and bearing the postal address of 12A, Jalan Masjid Negeri, 11600 Penang by TFP from SEBCO for a cash consideration of RM7,325,000
<b>Proposed Acquisition of Srigim</b>	:	The proposed acquisition of 100 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Srigim Medical Centre Sdn Bhd by TMC from Tang Swee Hor and See Ewe Beng for a cash consideration of RM6,131,000 subject to any adjustment pursuant to the Share SPA
<b>Proposed Acquisitions</b>	:	The Proposed Acquisition of Srigim and the Proposed Acquisition of Property, collectively
<b>Proposed Amendments</b>	:	The proposed amendments to the Articles of Association of TMC

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**DEFINITIONS (Cont'd)**

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<b>Proposed Bonus Issue</b>	:	The proposed bonus issue of 231,453,750 new ordinary shares of RM0.10 each in TMC on the basis of five (5) Bonus Shares for every four (4) Rights Shares subscribed by the Entitled Shareholders and/or their renounees pursuant to the Proposed Rights Issue
<b>Proposed Increase in Authorised Share Capital</b>	:	The proposed increase in the authorised share capital from RM25,000,000 comprising 250,000,000 TMC Shares to RM100,000,000 comprising 1,000,000,000 TMC Shares by the creation of an additional 750,000,000 TMC Shares
<b>Proposed Rights Issue</b>	:	The proposed renounceable rights issue of 185,163,000 new ordinary shares of RM0.10 each in TMC on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.10 each held on the Entitlement Date, at an indicative issue price of RM0.20 per Rights Share
<b>Proposed Transfer</b>	:	The proposed transfer of the listing of and quotation for the enlarged issued and paid-up share capital of TMC of RM60,177,975 comprising 601,779,750 TMC Shares from the MESDAQ Market to the Main Board of Bursa Securities after the Proposed Rights Issue and the Proposed Bonus Issue
<b>Rights Share(s)</b>	:	185,163,000 new ordinary shares of RM0.10 each in TMC to be issued pursuant to the Proposed Rights Issue
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>Sale Shares</b>	:	100 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital in Srigim
<b>SC</b>	:	Securities Commission
<b>SC (ECU)</b>	:	Equity Compliance Unit of the SC
<b>SC Guidelines</b>	:	Guidelines on the Offering of Equity and Equity-Linked Securities issued by the SC, as amended and revised from time to time
<b>SC Guidelines for the MESDAQ Market</b>	:	Guidelines on the Offering of Equity and Equity-Linked Securities for the MESDAQ Market issued by the SC, as amended and revised from time to time
<b>SEBCO or Property Vendor</b>	:	SEBCO Sdn Bhd, a company incorporated under the Act with its registered office at 100, Taman Jesselton, 10450 Penang
<b>Share Purchase Consideration</b>	:	RM6,131,000, subject to any adjustment pursuant to the Share SPA, being the total purchase consideration for the Proposed Acquisition of Srigim, to be entirely satisfied by cash
<b>Share SPA</b>	:	The principal conditional Sale and Purchase Agreement dated 17 March 2008 entered into between TMC and the Srigim Vendors in relation to the Proposed Acquisition of Srigim
<b>Srigim</b>	:	Srigim Medical Centre Sdn Bhd which operates a private specialist hospital known as Srigim Medical Centre
<b>Srigim Vendors</b>	:	Tang Swee Hor and See Ewe Beng, collectively

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**DEFINITIONS (Cont'd)**

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<b>TFP</b>	:	TMC Fertility (Penang) Sdn Bhd, a wholly-owned subsidiary of TMC
<b>TMC or Company</b>	:	TMC Life Sciences Berhad
<b>TMC Group or Group</b>	:	TMC and its subsidiaries, collectively
<b>TMC Share(s) or Share(s)</b>	:	Ordinary share(s) of RM0.10 each in TMC
<b>VWAMP</b>	:	Volume-weighted average market price

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall also include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. All references to dates and times in this Circular refer to Malaysian dates and times, unless otherwise stated.

Certain figures included in this Circular have been subject to rounding adjustments.

All references to “you” in this Circular are to the shareholders of TMC.

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**PART A**

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



## TMC LIFE SCIENCES BERHAD

(Company No: 624409-A)

(Incorporated in Malaysia)

### Registered Office:

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

6 June 2008

### Board of Directors:

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

Dr. Colin Lee Soon Soo (*Managing Director*)

Mr. Amos Siew Boon Yeong (*Executive Director*)

Dr. Wong Pak Seng (*Executive Director*)

Ms. Wenddi-Anne Chong Wai Yeng (*Executive Director*)

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

Mr. Lee Soon Swee (*Non-Independent Non-Executive Director*)

Dr. Yap Teck Long (*Independent Non-Executive Director*)

Dr. Francis Lisa Muga (*Independent Non-Executive Director*)

Dr. Surinder Singh A/L Ranbir Singh (*Alternate Director to Dr. Wong Pak Seng*)

**To: The Shareholders of TMC Life Sciences Berhad**

Dear Sir/ Madam,

- (I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (II) PROPOSED RIGHTS ISSUE;**
- (III) PROPOSED BONUS ISSUE;**
- (IV) PROPOSED TRANSFER; AND**
- (V) PROPOSED AMENDMENTS**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

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### 1. INTRODUCTION

On behalf of TMC, PM Securities had on 5 May 2008, announced that the Company proposed to undertake the following exercises:-

- (i) the proposed increase in the authorised share capital from RM25,000,000 comprising 250,000,000 TMC Shares to RM100,000,000 comprising 1,000,000,000 TMC Shares by the creation of an additional 750,000,000 TMC Shares;

- (ii) the proposed renounceable rights issue of 185,163,000 new TMC Shares on the basis of one (1) Rights Share for every one (1) existing TMC Share held on the Entitlement Date, at an indicative issue price of RM0.20 per Rights Share;
- (iii) the proposed bonus issue of 231,453,750 new TMC Shares on the basis of five (5) Bonus Shares for every four (4) Rights Shares subscribed by the Entitled Shareholders and/or their renounees pursuant to the Proposed Rights Issue;
- (iv) the proposed transfer of the listing of and quotation for the enlarged issued and paid-up share capital of TMC of RM60,177,975 comprising 601,779,750 TMC Shares from the MESDAQ Market to the Main Board of Bursa Securities after the Proposed Rights Issue and the Proposed Bonus Issue; and
- (v) the proposed amendments to the Articles of Association of TMC.

(collectively referred to as the “Proposals”)

PM Securities had on 27 May 2008, submitted the necessary applications on behalf of the Company for the purpose of seeking the SC’s approval for the Proposed Rights Issue and the Proposed Transfer and the SC (ECU)’s approval under the FIC Guidelines for the Proposed Transfer.

The purpose of Part A of this Circular is to provide you with details of the Proposals, to set out the Board’s recommendation and to seek your approval for the resolutions pertaining to the Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue and the Proposed Amendments to be tabled at the forthcoming EGM. The Notice of EGM together with the Form of Proxy is enclosed with this Circular.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS LETTER TO SHAREHOLDERS IN PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL, PROPOSED RIGHTS ISSUE, PROPOSED BONUS ISSUE AND THE PROPOSED AMENDMENTS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the LPD, the authorised share capital of TMC is RM25,000,000 comprising 250,000,000 TMC Shares.

As at the LPD, the issued and paid-up share capital of TMC is RM18,516,300 comprising 185,163,000 TMC Shares. The enlarged issued and paid-up share capital of the Company will be more than RM60,000,000 after the Proposed Rights Issue and the Proposed Bonus Issue.

As such, the Board proposes to increase the authorised share capital of the Company from RM25,000,000 to RM100,000,000 by the creation of an additional 750,000,000 TMC Shares to accommodate the increase in the issued and paid-up share capital of the Company upon the completion of the Proposed Rights Issue and the Proposed Bonus Issue.

The Articles of Association of TMC will be amended accordingly.

## **3. PROPOSED RIGHTS ISSUE**

### **3.1 Details of the Proposed Rights Issue**

The Proposed Rights Issue involves the issuance of 185,163,000 Rights Shares at an indicative issue price of RM0.20 per Rights Share on a renounceable basis of one (1) Rights Share for every one (1) existing TMC Share held by the Entitled Shareholders.

The total number of 185,163,000 Rights Shares have been arrived at based on the issued and paid-up share capital of TMC as at the LPD of RM18,516,300 comprising 185,163,000 TMC Shares.

As the TMC Shares are prescribed securities, the Rights Shares to be issued pursuant to the Proposed Rights Issue will be credited directly into the respective CDS accounts of the Entitled Shareholders and/or their renounees or the underwriters (as the case may be) and no physical share certificates will be issued. Accordingly, any dealings in the Rights Shares, which are prescribed securities under the CDS, will be subject to the Securities Industry (Central Depositories) Act, 1991 and the Rules of the Bursa Depository.

The Rights Shares will be listed and quoted on the Main Board of Bursa Securities as the Proposed Bonus Issue and the Proposed Transfer will be implemented concurrently with the Proposed Rights Issue.

### 3.2 Basis for determining the issue price of the Rights Shares

The indicative issue price of RM0.20 per Rights Share was arrived at after taking into consideration the par value of RM0.10 for each ordinary share in TMC and the theoretical ex-all price of the TMC Shares after the Proposed Rights Issue and the Proposed Bonus Issue.

The indicative issue price of RM0.20 per Rights Share represents the following discount to the theoretical ex-all price of the TMC Shares after taking into consideration the dilutive effects of the Proposed Rights Issue and the Proposed Bonus Issue, computed based on the five (5)-Market Day VWAMP of the TMC Shares.

	Theoretical ex-all price per TMC Share	Discount below the theoretical ex-all price per TMC Share	
	RM	RM	%
Five (5)-Market Day VWAMP up to:-			
2 May 2008 <sup>(1)</sup>	0.549	0.349	63.57
2 June 2008 <sup>(2)</sup>	0.644	0.444	68.94

**Notes:-**

- (1) *VWAMP computed based on the five (5)-Market Day up to and inclusive of 2 May 2008, being the latest practicable Market Day prior to the date of announcement of the Proposals*
- (2) *VWAMP computed based on the five (5)-Market Day up to and inclusive of 2 June 2008, being the latest practicable Market Day prior to the printing of this Circular*

The final issue price of the Rights Shares shall be determined by the Board at a later date, after obtaining the approval of the SC and other relevant authorities or persons for the Proposed Rights Issue, based on the theoretical ex-all price of the TMC Shares after the Proposed Rights Issue and the Proposed Bonus Issue with a discount, if deemed appropriate. The maximum discount from the theoretical ex-all price per TMC Share will be determined as at the price fixing date to enable the issue price of the Rights Shares to be at least RM0.20 per Rights Share. The announcement of the final issue price will be made in due course, prior to the announcement of the Entitlement Date.

### 3.3 Entitlement, rights and ranking of the Rights Shares

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can only renounce or subscribe for their entitlements to the Rights Shares in full or in part in the proportion allocated.

The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Bonus Shares to be issued pursuant to the Proposed Bonus Issue. As such, shareholders of TMC who wish to receive the Bonus Shares must subscribe for the Rights Shares in order to be entitled to the Bonus Shares. The renounee who subscribes for the Rights Shares will also be entitled to the Bonus Shares.

The Rights Shares which are not subscribed for by the Entitled Shareholders and/or their renounees will be made available to other Entitled Shareholders and/or their renounees who subscribe in excess of their entitlements.

The Board reserves the right to allot any unsubscribed Rights Shares in a fair and equitable basis which they deem fit and expedient. It is the intention of the Board to allot excess Rights Shares on a pro-rata basis based on the respective shareholdings of the Entitled Shareholders who subscribe in excess of their entitlements and to minimise the incidence of odd lots.

Fractional entitlements of the Rights Shares arising from the Proposed Rights Issue, if any, shall be disregarded and the aggregate of such fractions shall be dealt with by the Board in such a manner at their sole discretion as they may deem fit and expedient and in the best interest of the Company.

The Rights Shares shall, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing TMC Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares.

### 3.4 Substantial shareholder's undertaking and underwriting arrangements

#### 3.4.1 Substantial shareholder's undertaking

Dr. Colin Lee Soon Soo, a substantial shareholder has furnished his irrevocable written undertaking dated 8 May 2008 to subscribe for his entitlement pursuant to the Proposed Rights Issue of 44,485,209 Rights Shares ("Entitlement Undertaking"). His shareholding after the completion of the Proposed Rights Issue and the Proposed Bonus Issue is set out in the table below:-

Direct shareholding in TMC as at the LPD				After the Proposed Rights Issue and the Proposed Bonus Issue	
(A) No. of TMC Shares	%	(B) No. of entitled Rights Shares	(C) No. of entitled Bonus Shares	(A)+(B)+(C) No. of TMC Shares	%
44,485,209	24.02	44,485,209	55,606,511	144,576,929	24.02

#### 3.4.2 Underwriting arrangements

The balance of the Rights Shares to the Entitled Shareholders other than the Rights Shares to be subscribed under the Entitlement Undertaking by Dr. Colin Lee Soon Soo is set out as follows:-

	No. of Rights Shares
Rights Shares to be issued	185,163,000
Less: Entitlement Undertaking	44,485,209
<b>Balance of the Rights Shares to be underwritten</b>	<b>140,677,791</b>

Arrangements will be made for the underwriting of the remaining Rights Shares for which no irrevocable written undertaking was provided. An underwriting agreement will be entered into with the underwriter(s) to be appointed upon obtaining all approvals, including shareholders' approval for the Proposed Rights Issue. The rate of underwriting commission will be determined at a later date and all underwriting commission and managing underwriter fee arising from the underwriting arrangements shall be borne and payable by the Company out of the proceeds from the Proposed Rights Issue to the underwriter(s) and managing underwriter respectively.

The Proposed Rights Issue is not to be undertaken on a minimum level of subscription basis.

### 3.5 Utilisation of proceeds from the Proposed Rights Issue

The Proposed Rights Issue is expected to raise gross proceeds of RM37,032,600 based on the indicative issue price of RM0.20 per Rights Share. The proceeds raised are proposed to be utilised in the following manner:-

Proposed utilisation	Note	Amount RM '000	Expected time frame for utilisation of proceeds from date of listing of the Rights Shares
Repayment of bank borrowings of the TMC Group	(i)	10,000	within 6 months
Defraying estimated expenses relating to the Proposals	(ii)	1,000	within 6 months
Part finance the purchase of furniture, fittings and equipment	(iii)	15,000	within 12 months
Working capital of the TMC Group	(iv)	11,033	within 12 months
<b>Total</b>		<b>37,033</b>	

#### Notes:-

(i) *As at 16 May 2008, the total outstanding bank borrowings of the TMC Group amounts to approximately RM7.56 million. The total outstanding bank borrowings is expected to increase from further drawdowns to fund the construction cost for the Tropicana Medical Centre. The repayment of bank borrowings of up to RM10.0 million is expected to result in an estimated interest savings for the TMC Group of up to RM0.8 million per annum (based on an average interest rate of 8.0% per annum).*

*The total estimated construction cost of the Tropicana Medical Centre (located on Lot 11, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Daerah Petaling, Selangor Darul Ehsan) is approximately RM52.0 million. The construction commenced in February 2006 and is expected to be completed by July 2008. Currently, the building is approximately 97% completed.*

(ii) *The amount is based on the estimated expenses relating to the Proposals. If the actual expenses are higher than the allocated amount, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than that allocated, the excess will be utilised for working capital purposes of the TMC Group. The estimated expenses mainly include inter-alia professional fees, fees payable to the relevant regulatory authorities and printing costs.*

(iii) *The amount is allocated for part financing the purchase of furniture, fittings and equipment for the soon to be opened Tropicana Medical Centre.*

- (iv) *The amount allocated for working capital is mainly to support the existing business operations including debt servicing.*

*Any differences in the final proceeds raised from the Proposed Rights Issue depending on the final issue price for the Rights Shares shall be adjusted against proposed quantum intended for working capital of the TMC Group.*

### **3.6 Foreign shareholders**

An Abridged Prospectus, together with accompanying documents which will be issued in connection with the Proposed Rights Issue, will not be registered under any applicable securities legislation of any overseas jurisdiction and the Proposed Rights Issue will not be offered for subscription in any country other than Malaysia.

Accordingly, the documents relating to the Proposed Rights Issue will not be sent to the shareholders of TMC who do not have a registered address in Malaysia (“**Foreign Shareholders**”). Foreign Shareholders who wish to change their addresses should inform their respective stockbrokers as well as the Registrar of the Company to effect the change of address. Such notification should be done prior to the Entitlement Date.

Alternatively, such Foreign Shareholders may collect the Abridged Prospectus from the Registrar of the Company, in which event, the Registrar of the Company shall be entitled to request for such evidence as it may deem necessary to satisfy itself as to the identity and authority of the person collecting the Abridged Prospectus.

A Foreign Shareholder may only exercise his rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and TMC and/or PM Securities would not, in connection with the Proposed Rights Issue, be in breach of the laws of any jurisdiction which the shareholder of the Company might be subject to. The Foreign Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction which they are subject to, and the participation by a Foreign Shareholder in the Proposed Rights Issue shall be on the basis of a warranty by the Foreign Shareholder that he may lawfully so participate without TMC and/or PM Securities being in breach of the laws of any jurisdiction.

Neither TMC, PM Securities nor any other advisers to the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance of a Foreign Shareholder of his rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

## **4. PROPOSED BONUS ISSUE**

### **4.1 Number of Bonus Shares to be issued**

The Proposed Bonus Issue involves the issuance of 231,453,750 Bonus Shares to be credited as fully paid-up on the basis of five (5) Bonus Shares for every four (4) Rights Shares subscribed by the Entitled Shareholders and/or their renounees who had successfully subscribed for the Rights Shares pursuant to the Proposed Rights Issue.

The total number of 231,453,750 Bonus Shares has been arrived at based on the total number of 185,163,000 Rights Shares to be issued pursuant to the Proposed Rights Issue.

In determining the shareholders’ entitlements to the Proposed Bonus Issue, fractional entitlements of the Bonus Shares, if any, will be disregarded and shall be dealt with by the Board in such a manner at their sole discretion as they may deem fit and expedient and in the best interest of the Company.

As the TMC Shares are prescribed securities, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be credited directly into the respective CDS accounts of the Entitled Shareholders and/or their renounees or the underwriters (as the case may be) and no physical share certificates will be issued. Accordingly, any dealings in the Bonus Shares, which are prescribed securities under the CDS, will be subject to the Securities Industry (Central Depositories) Act, 1991 and the Rules of the Bursa Depository.

The Bonus Shares will be listed and quoted on the Main Board of Bursa Securities as the Proposed Rights Issue and the Proposed Transfer will be implemented concurrently with the Proposed Bonus Issue.

#### 4.2 Capitalisation of reserves

The Proposed Bonus Issue will be effected via the capitalisation of RM23,145,375 from the Company's share premium account. An illustration of the effects of the Proposed Bonus Issue on the Company's share premium account based on the audited financial statements of TMC for the financial year ended 31 December 2007 and the unaudited financial statements of TMC for the three (3) months financial period ended 31 March 2008 is as follows:-

<b>Share premium account</b>	<b>RM</b>
Audited as at 31 December 2007 / unaudited as at 31 March 2008	26,990,937
Add: Share premium arising from the Proposed Rights Issue (based on an indicative issue price of RM0.20 per Rights Share)	18,516,300
(Less): Estimated expenses relating to the Proposals	(1,000,000)
Amount to be capitalised for the Proposed Bonus Issue	(23,145,375)
<b>Balance after the Proposed Rights Issue and the Proposed Bonus Issue</b>	<b><u>21,361,862</u></b>

Messrs KC Aw & Co., the reporting accountants has, vide its letter dated 4 June 2008 confirmed that the available reserves for capitalisation of the Proposed Bonus Issue from the Company's share premium account based on the latest audited financial statements of TMC as at 31 December 2007 and the latest unaudited financial statements of TMC as at 31 March 2008 are adequate to capitalise the Bonus Shares entirely.

The Board confirms that the reserves required for capitalisation of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis, based on the latest audited financial statements of TMC as at 31 December 2007 and the latest unaudited financial statements of TMC as at 31 March 2008, in compliance with Rule 6.25(1) of the Listing Requirements of Bursa Securities for the MESDAQ Market.

#### 4.3 Principal terms of the Bonus Shares

The Bonus Shares shall only be issued and allotted to the Entitled Shareholders who subscribe for the Rights Shares pursuant to the Proposed Rights Issue. Accordingly, should you renounce your entitlements to the Rights Shares provisionally allotted to you under the Proposed Rights Issue, you will simultaneously relinquish your entitlements to the Bonus Shares. The subscribers of the Rights Shares will be entitled to the Bonus Shares on the basis of five (5) Bonus Shares for every four (4) Rights Shares subscribed.

For illustrative purposes, if you hold 100 TMC Shares as at the Entitlement Date and you subscribe for your full entitlement of 100 Rights Shares pursuant to the Proposed Rights Issue, you will be allotted 125 Bonus Shares.



#### 4.4 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing TMC Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions; the entitlement date of which is prior to the date of allotment of the Bonus Shares.

For avoidance of doubt, the Bonus Shares will not be entitled to the Rights Shares.

#### 5. PROPOSED TRANSFER

The Company proposes to transfer the listing of and quotation for its enlarged issued and paid-up share capital from the MESDAQ Market to the Main Board of Bursa Securities after the Proposed Rights Issue and the Proposed Bonus Issue.

Upon the completion of the Proposed Rights Issue and the Proposed Bonus Issue, the Company would have met the conditions for the transfer of its listing status, subject to the approval of the SC, from the MESDAQ Market to the Main Board of Bursa Securities pursuant to Chapter 9 and Practice Note 1 of the SC Guidelines and the Listing Requirements.

TMC was listed on the MESDAQ Market on 6 October 2005. The TMC Group has recorded an audited consolidated PATMI of approximately RM9.34 million for the financial year ended 31 December 2007, and on a proforma basis, achieved an aggregate audited consolidated PATMI of approximately RM34.69 million (including pre-acquisition profit of approximately RM3.13 million in the financial year ended 31 December 2005) for the five (5) financial years ended 31 December 2007. Based on this historical profit track record, the Company will be in compliance with the SC Guidelines for the transfer of listing from the MESDAQ Market to the Main Board of Bursa Securities.

The issued and paid-up share capital of the Company will be increased to RM60,177,975 comprising 601,779,750 TMC Shares upon the completion of the Proposed Rights Issue and the Proposed Bonus Issue. The Company will be in compliance with the minimum issued and paid-up share capital requirement upon the completion of the Proposed Rights Issue and the Proposed Bonus Issue.

The minimum issued and paid-up share capital of a company listed on the Main Board of Bursa Securities is RM60 million and a public shareholding spread of at least 25% of the total listed shares must be in the hand of a minimum of 1,000 public shareholders holding not less than 100 shares each. Based on the Record of Depositors of TMC as at the LPD, approximately 47.02% of the issued and paid-up share capital of the Company is held by 1,279 public shareholders holding not less than 100 TMC Shares each. As such, TMC has complied with Paragraph 8.15(1) of the Listing Requirements for public shareholding spread.

#### 6. PROPOSED AMENDMENTS

In conjunction with the Proposed Transfer, the Company proposes to amend the Articles of Association of TMC as follows:-

- (i) the existing definition of "Approved Market Place" which reads as follows be deleted from Article 2:-

"Approved Market Place ... a Stock Exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order (No. 2) 1998."

- (ii) the existing Article 47A which reads as follows:-

"(1) Where (if applicable):-

- (a) the securities of the Company are listed on an Approved Market Place; and

- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

- (2) For the avoidance of doubt, where (1)(a) and (b) are fulfilled, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register."

be amended by substituting for the said Article 47A the following:-

"47A Where (if applicable):-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock market, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities."

- (iii) the following new Article 152A which reads as follows be inserted immediately after the existing Article 152:-

"152A The Company in general meeting may, upon recommendation by the Directors, by ordinary resolution resolve that any sum standing to the credit of the share premium account, the capital redemption reserve, retained profits or other reserves available for distribution, be applied in paying up of unissued shares to:-

- (a) members who have pursuant to a renounceable rights issue by the Company subscribed for shares in the Company;
- (b) persons who have subscribed for shares in the Company renounced to them pursuant to a renounceable rights issue; and/or
- (c) underwriters who have been taken up unsubscribed portion of the rights issue.

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## **7. RATIONALE FOR THE PROPOSALS**

### **7.1 Proposed Increase in Authorised Share Capital**

The Proposed Increase in Authorised Share Capital is necessary to enable TMC to accommodate the increase in issued and paid-up share capital of the Company resulting from the Proposed Rights Issue and the Proposed Bonus Issue as well as further issuance of new TMC Shares in the future.

### **7.2 Proposed Rights Issue**

The Proposed Rights Issue will enable the Company to raise funds for repayment of bank borrowings, part finance the purchase of furniture, fittings and equipment for the Tropicana Medical Centre, working capital requirements and to defray expenses relating to the Proposals. The proposed repayment of bank borrowings of the TMC Group is expected to result in future interest savings and reduction in the level of gearing. In addition, equity financing will strengthen the capital base and reduce the financial risks of TMC as compared to external borrowings.

The Proposed Rights Issue will also enable the shareholders of TMC to further participate in the equity of the Company and the continuing growth of the TMC Group at an indicative issue price of RM0.20 per Rights Share.

The Proposed Rights Issue and the subsequent Proposed Bonus Issue collectively, will facilitate the attainment of the minimum issued and paid-up share capital of RM60 million for the purpose of meeting one (1) of the criteria for the proposed transfer of listing status of TMC from the MESDAQ Market to the Main Board of Bursa Securities pursuant to the Proposed Transfer.

### **7.3 Proposed Bonus Issue**

The Proposed Bonus Issue is expected to enhance the attractiveness of the Proposed Rights Issue as the effective cost to the Entitled Shareholders and/or their renounees who successfully subscribed for the Rights Shares would be lowered since the holders of the Rights Shares are also entitled to the Bonus Shares.

The Proposed Bonus Issue will also enable the Company to reward its shareholders for their continuing support by enabling them to have greater participation in the equity of the Company in terms of number of TMC Shares held.

The Proposed Bonus Issue to be implemented after the Proposed Rights Issue, collectively will facilitate the attainment of the minimum issued and paid-up share capital of RM60 million for the purpose of meeting one (1) of the criteria for the proposed transfer of listing status of TMC from the MESDAQ Market to the Main Board of Bursa Securities pursuant to the Proposed Transfer.

### **7.4 Proposed Transfer**

The Proposed Transfer will better reflect the enhanced status of the operations of the TMC Group based on the size of operation and is expected to accord the Company with greater recognition and acceptance amongst investors, particularly institutional investors.

Further, the Proposed Transfer is expected to enhance the confidence of the customers, suppliers, employees and shareholders of the TMC Group as well as to further strengthen the TMC Group's credit standing amongst its bankers.

## 7.5 Proposed Amendments

The Proposed Amendments are necessary:-

- (i) in conjunction with the Proposed Transfer;
- (ii) to comply with the Listing Requirements; and
- (iii) to facilitate the Proposed Rights Issue and the Proposed Bonus Issue.

## 8. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital, Proposed Transfer and the Proposed Amendments will not have any financial effects on the issued and paid-up share capital, NA and gearing, earnings, dividends and substantial shareholders' shareholdings of TMC. The financial effects of the Proposed Rights Issue and the Proposed Bonus Issue are as follows:-

### 8.1 Issued and paid-up share capital

The proforma effects of the Proposed Rights Issue and the Proposed Bonus Issue on the issued and paid-up share capital of the Company as at the LPD are as follows:-

	No. of TMC Shares	Par value RM	Total RM
Issued and fully paid-up share capital as at the LPD	185,163,000	0.10	18,516,300
To be issued pursuant to the:-			
- Proposed Rights Issue	185,163,000	0.10	18,516,300
- Proposed Bonus Issue	231,453,750	0.10	23,145,375
<b>Enlarged issued and paid-up share capital</b>	<b>601,779,750</b>	<b>0.10</b>	<b>60,177,975</b>

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## 8.2 NA and gearing

The proforma effects of the Proposed Rights Issue and the Proposed Bonus Issue on the NA per TMC Share and gearing ratio of the TMC Group based on the audited consolidated balance sheet of TMC as at 31 December 2007 assuming the Proposed Rights Issue and the Proposed Bonus Issue had been effected on that date, are as follows:-

Group level	Audited as at	(I)	(II)
	31 December 2007	After the Proposed Rights Issue <sup>(1)</sup>	After (I) and the Proposed Bonus Issue
	RM	RM	RM
Share capital	18,516,300	37,032,600	60,177,975
Share premium	26,990,937	<sup>(2)</sup> 45,507,237	<sup>(3)</sup> 21,361,862
Retained profits	29,917,692	29,917,692	29,917,692
NA attributable to shareholders	75,424,929	112,457,529	111,457,529
Minority interests	(92,202)	(92,202)	(92,202)
	<b>75,332,727</b>	<b>112,365,327</b>	<b>111,365,327</b>
Number of TMC Shares in issue	185,163,000	370,326,000	601,779,750
<b>NA per TMC Share (RM)</b>	<b>0.41</b>	<b>0.30</b>	<b>0.19</b>
Total borrowings (RM)	<sup>(4)</sup> 3,314,150	-	-
<b>Gearing ratio (times)</b>	<b>0.04</b>	-	-

### Notes:-

- (1) Assuming that the 185,163,000 Rights Shares will be issued at the indicative issue price of RM0.20 per Rights Share pursuant to the Proposed Rights Issue
- (2) After adjusting for the share premium of RM18,516,300 (based on the assumption set forth in note (1) above)
- (3) After capitalisation for the Proposed Bonus Issue and deducting the estimated expenses of RM1,000,000 relating to the Proposals
- (4) As at 16 May 2008, the total outstanding bank borrowings of the TMC Group amounts to approximately RM7.56 million. The total outstanding bank borrowings is expected to increase from further drawdowns to fund the construction cost and purchase of equipment for the Tropicana Medical Centre.

## 8.3 Earnings

The Proposed Rights Issue will not have any material effects on the earnings of the TMC Group for the financial year ending 31 December 2008 as the Proposed Rights Issue is expected to be completed in the first quarter of 2009. Upon completion, the Proposed Rights Issue is expected to improve the EPS of the TMC Group in the future as a result of interest savings of approximately RM265,132 per annum arising from the repayment of outstanding bank borrowings of RM3,314,150 as at 31 December 2007 (based on an average interest rate of 8.0% per annum).

Upon completion of the Proposals, the interest savings is approximately RM0.8 million per annum for the financial year ending 31 December 2009 arising from the repayment of bank borrowings of RM10.0 million (based on an average interest rate of 8.0% per annum).

However, the future EPS of the TMC Group will be proportionately diluted as a result of the increase in the number of TMC Shares in issue after the Proposed Rights Issue and the Proposed Bonus Issue.

#### **8.4 Dividend**

The Company has proposed a first and final tax exempt dividend under the single-tier system of 0.75 sen per TMC Share for the financial year ended 31 December 2007 which will be paid, if approved by the shareholders at the forthcoming AGM.

The level of dividends to be declared, if any, for future financial years would be determined by the Board after taking into consideration the performance, profitability, cash flow position and financing requirements of the TMC Group.

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## 8.5 Substantial shareholders' shareholdings

The Proposed Rights Issue and the Proposed Bonus Issue will not have any effects on the percentage shareholdings of the substantial shareholders of TMC as it is a pro-rata issue to all the shareholders of the Company (based on the assumption that all the shareholders of the Company subscribe in full for their respective entitlements to the Rights Shares and Bonus Shares allotted pursuant to their full subscription of their entitlement pursuant to the Proposed Rights Issue).

The proforma effects of the Proposed Rights Issue and the Proposed Bonus Issue on the substantial shareholders' shareholdings in TMC assuming full subscription of the Rights Shares entitled, based on the Register of Substantial Shareholders as at the LPD are as follows:-

Substantial shareholders	Existing as at the LPD <sup>(a)</sup>				(I) After the Proposed Rights Issue <sup>(b)</sup>				(II) After (I) and the Proposed Bonus Issue <sup>(c)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of TMC Shares	%	No. of TMC Shares	%	No. of TMC Shares	%	No. of TMC Shares	%	No. of TMC Shares	%	No. of TMC Shares	%
Dr. Colin Lee Soon Soo	44,485,209	24.02	-	-	88,970,418	24.02	-	-	144,576,929	24.02	-	-
Amanah Raya Nominees (Tempatan) Sdn. Bhd. – Skim Amanah Saham Bumiputera	9,678,400	5.23	-	-	19,356,800	5.23	-	-	31,454,800	5.23	-	-
Berjaya Group Berhad	-	-	(1) 42,130,000	22.75	-	-	(1) 84,260,000	22.75	-	-	(1) 136,922,500	22.75
Berjaya Corporation Berhad	-	-	(1) 42,130,000	22.75	-	-	(1) 84,260,000	22.75	-	-	(1) 136,922,500	22.75
Berjaya Land Berhad	-	-	(2) 20,500,000	11.07	-	-	(2) 41,000,000	11.07	-	-	(2) 66,625,000	11.07
Teras Mewah Sdn. Bhd.	-	-	(2) 20,500,000	11.07	-	-	(2) 41,000,000	11.07	-	-	(2) 66,625,000	11.07
Juara Sejati Sdn. Bhd.	19,800,000	10.69	(3) 22,330,000	12.06	39,600,000	10.69	(3) 44,660,000	12.06	64,350,000	10.69	(3) 72,572,500	12.06
Selat Makmur Sdn. Bhd.	9,400,000	5.08	-	-	18,800,000	5.08	-	-	30,550,000	5.08	-	-
Hotel Resort Enterprise Sdn. Bhd.	-	-	(1) 42,130,000	22.75	-	-	(1) 84,260,000	22.75	-	-	(1) 136,922,500	22.75
Tan Sri Dato' Vincent Tan Chee Yiuon	-	-	(1) 42,130,000	22.75	-	-	(1) 84,260,000	22.75	-	-	(1) 136,922,500	22.75

### Notes:-

(a) Based on the existing issued and paid-up share capital of 185,163,000 TMC Shares

(b) Based on the enlarged issued and paid-up share capital of 370,326,000 TMC Shares after the Proposed Rights Issue

(c) Based on the enlarged issued and paid-up share capital of 601,779,750 TMC Shares after the Proposed Rights Issue and the Proposed Bonus Issue

- (1) *Deemed interested by virtue of their interest in Juara Sejati Sdn. Bhd., Selat Makmur Sdn. Bhd., B. L. Capital Sdn. Bhd., Berjaya Sompo Insurance Berhad and Immediate Capital Sdn. Bhd., pursuant to Section 6A of the Act*
- (2) *Deemed interested by virtue of their interest in Selat Makmur Sdn. Bhd., B.L. Capital Sdn. Bhd. and Immediate Capital Sdn. Bhd., pursuant to Section 6A of the Act*
- (3) *Deemed interested by virtue of their interest in Selat Makmur Sdn. Bhd., B.L. Capital Sdn. Bhd., Berjaya Sompo Insurance Berhad and Immediate Capital Sdn. Bhd., pursuant to Section 6A of the Act*

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## **9. APPROVALS REQUIRED**

The Proposals are conditional upon approvals being obtained from the following:-

- (i) the SC for the Proposed Rights Issue and the Proposed Transfer, and the listing of and quotation for the Rights Shares and the Bonus Shares to be issued pursuant to the Proposed Rights Issue and the Proposed Bonus Issue;
- (ii) the SC (ECU) pursuant to the FIC Guidelines for the equity structure of TMC pursuant to the Proposed Transfer;
- (iii) Bursa Securities for:-
  - (a) the listing of and quotation for the Rights Shares and Bonus Shares to be issued pursuant to the Proposed Rights Issue and the Proposed Bonus Issue respectively; and
  - (b) the transfer of the listing of and quotation for the entire enlarged share capital of TMC after the Proposed Rights Issue and the Proposed Bonus Issue from the MESDAQ Market to the Main Board of Bursa Securities.
- (iv) the shareholders of TMC for the Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue and the Proposed Amendments at the forthcoming EGM; and
- (v) any other relevant authorities or parties, if required.

All the required approvals as set out above are still pending as at the date of this Circular.

The Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue, Proposed Transfer and the Proposed Amendments are inter-conditional upon each other. The Proposals are not conditional upon the Proposed Acquisitions and any other corporate exercise undertaken or to be undertaken by the Company.

Subject to relevant approvals being obtained, the Company intends to list the entire TMC Shares upon completion of the Proposed Rights Issue and the Proposed Bonus Issue and the transfer of the listing from the MESDAQ Market to the Main Board of Bursa Securities on the same Market Day.

## **10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

To the best knowledge of the Directors and major shareholders of TMC, none of the Directors and/or major shareholders of TMC and/or persons connected to them, has any interest, direct or indirect, in the Proposals beyond their respective entitlements under the Proposed Rights Issue and the Proposed Bonus Issue and their rights to apply for excess or additional Rights Shares under the Proposed Rights Issue, which are also available to all other shareholders of the Company in proportion to their shareholdings.

## **11. OUTSTANDING PROPOSALS ANNOUNCED BUT NOT YET COMPLETED**

Save for the Proposals and the Proposed Acquisitions which are the subject matter in Part A and Part B respectively, of this Circular, the Board has confirmed that the Company does not have any other proposed corporate exercises that have been announced but not yet completed as at the date of this Circular.

## 12. HISTORICAL TMC SHARE PRICES

The monthly highest and lowest prices of TMC Shares as traded on the MESDAQ Market for the past twelve (12) months from 1 June 2007 to 30 May 2008 are as follows:-

	Highest RM	Lowest RM
<b>2007</b>		
June	1.26	1.02
July	1.73	1.09
August	1.35	1.00
September	1.19	1.07
October	1.36	1.04
November	1.30	1.10
December	1.14	1.08
<b>2008</b>		
January	1.78	1.09
February	1.41	1.25
March	1.66	1.15
April	1.69	1.43
May	2.03	1.57

Last transacted price of TMC Shares on 2 May 2008, being the last Market Day immediately prior to the announcement of the Proposals **RM** 1.58

Last transacted price of TMC Shares on 2 June 2008, being the latest practicable Market Day immediately prior to the date of printing of this Circular 1.94

*(Source: Bloomberg)*

## 13. DIRECTORS' RECOMMENDATION

The Board, after careful deliberation, is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue and the Proposed Amendments to be tabled at the forthcoming EGM.

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**14. EGM**

The EGM, the Notice of which is enclosed in this Circular, will be held at Casuarina Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 30 June 2008 at 11.20 a.m., or immediately following the conclusion or adjournment (as the case may be) of the Fifth (5th) AGM, which will be held at the same venue and on the same day at 11.00 a.m., whichever is later or the adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposed Increase in Authorised Share Capital, Proposed Rights Issue, Proposed Bonus Issue and the Proposed Amendments.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible so as to arrive at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time stipulated for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**15. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposals are expected to be completed by the first quarter of 2009.

**16. FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendices for further information.

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

**PROFESSOR DATO' DR. KHALID BIN ABDUL KADIR**  
Independent Non-Executive Chairman

**PART B**

**LETTER TO THE SHAREHOLDERS OF TMC  
IN RELATION TO THE PROPOSED ACQUISITIONS**



## TMC LIFE SCIENCES BERHAD

(Company No: 624409-A)

(Incorporated in Malaysia)

### Registered Office:

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

6 June 2008

### Board of Directors:

Professor Dato' Dr. Khalid Bin Abdul Kadir (*Independent Non-Executive Chairman*)  
Dr. Colin Lee Soon Soo (*Managing Director*)  
Mr. Amos Siew Boon Yeong (*Executive Director*)  
Dr. Wong Pak Seng (*Executive Director*)  
Ms. Wenddi-Anne Chong Wai Yeng (*Executive Director*)  
Dato' Dr. Tan Kee Kwong (*Independent Non-Executive Director*)  
Mr. Lee Soon Swee (*Non-Independent Non-Executive Director*)  
Dr. Yap Teck Long (*Independent Non-Executive Director*)  
Dr. Francis Lisa Muga (*Independent Non-Executive Director*)  
Dr. Surinder Singh A/L Ranbir Singh (*Alternate Director to Dr. Wong Pak Seng*)

To: **The Shareholders of TMC Life Sciences Berhad**

Dear Sir/ Madam,

- (I) **PROPOSED ACQUISITION OF SRIGIM; AND**
- (II) **PROPOSED ACQUISITION OF PROPERTY**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSED ACQUISITIONS")**

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### 1. INTRODUCTION

The Board had on 17 March 2008, announced that the Company proposed to undertake the following exercises:-

- (i) the proposed acquisition of 100 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Srigim by TMC from Tang Swee Hor and See Ewe Beng for a cash consideration of RM6,131,000; and

- (ii) the proposed acquisition of all that piece of land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area of approximately 1,653 square metres together with a four (4) storey building known as Srigim Medical Centre and bearing the postal address of 12A, Jalan Masjid Negeri, 11600 Penang by TFP from SEBCO for a cash consideration of RM7,325,000.

(collectively referred to as the “**Proposed Acquisitions**”)

The purpose of Part B of this Circular is to provide you with details of the Proposed Acquisitions, to set out the Board’s opinion and recommendation on the Proposed Acquisitions and to seek your approval for the ordinary resolutions pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM. The Notice of EGM together with the Form of Proxy is enclosed with this Circular.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS LETTER TO SHAREHOLDERS IN PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. PROPOSED ACQUISITION OF SRIGIM

On 17 March 2008, TMC entered into the Share SPA with the Srigim Vendors to acquire 100 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Srigim for a purchase consideration of RM6,131,000, to be satisfied entirely in cash.

The Proposed Acquisition of Srigim involves the purchase of the Sale Shares from the Srigim Vendors, detailed as follows:-

Name	No. of Sale Shares	Equity interest	Purchase consideration
		in Srigim	RM
		%	
Tang Swee Hor	50	50	* 3,065,500
See Ewe Beng	50	50	* 3,065,500
<b>Total</b>	<b>100</b>	<b>100</b>	<b>6,131,000</b>

*Note:-*

\* *Subject to any adjustment pursuant to the Share SPA*

### 2.1 Salient terms and conditions of the Share SPA

The salient terms and conditions of the Share SPA include, amongst others, the following:-

- (i) The Share Purchase Consideration shall be paid by the Company to the Srigim Vendor’s solicitors as stakeholders in three (3) instalments and in the following manner:-
- (a) the first instalment amounting to RM417,500 being the deposit shall be payable upon execution of the Share SPA;
  - (b) the second instalment amounting to RM3,748,500 shall be paid within fourteen (14) days from the Unconditional Date; i.e. the date the last of the conditions precedent has been fulfilled (“**2<sup>nd</sup> Payment Date**”); and
  - (c) the third instalment amounting to RM1,965,000 being the balance of the Share Purchase Consideration or such adjusted amount thereof, whichever is higher (“**Balance Sum**”), within fourteen (14) days from the Cut-off Date, i.e. three (3) years from the date of the Share SPA, or within the Extended Completion Period i.e. fourteen (14) days from the date TMC receives the

audited accounts of Srigim for the financial year ending 31 December 2010 (“**Subject Accounts**”). The adjusted amount refers to fifteen per cent (15%) of five (5) times the profit after taxation of Srigim based on the Subject Accounts.

- (ii) The Sale Shares shall be transferred to TMC in two (2) tranches comprising the following:-
- (a) the 1<sup>st</sup> tranche comprising 85% of the Sale Shares (consisting of 35% of the Sale Shares from See Ewe Beng and 50% of the Sale Shares from Tang Swee Hor) shall be transferred to TMC upon payment of the 2<sup>nd</sup> Payment; and
  - (b) the 2<sup>nd</sup> tranche comprising 15% of the Sale Shares shall be transferred to TMC upon payment of the Balance Sum.
- (iii) The Share SPA shall be conditional upon the following:-
- (a) TMC being satisfied with the reports by a firm of auditors (“**Auditors**”) and a firm of solicitors (“**Solicitors**”) appointed by TMC (at the cost of TMC) in respect of their due diligent audit of Srigim which will cover, inter alia, the extent and nature of all liabilities (contingent or otherwise) of Srigim (collectively “**Due Diligence Audit**”);
  - (b) the Auditors shall have confirmed in its report pursuant to the Due Diligence Audit that the net tangible assets of Srigim (excluding overpaid taxes (if any) but including the costs and expenses incurred in nurses training and the professional fees for application to the authorities to use the facilities of the roof of the building) as at 31 January 2008 is not less than Ringgit Malaysia Seven Hundred and Fifty Thousand (RM750,000) only;
  - (c) TMC obtaining (at the cost of TMC) the approval of the FIC for the acquisition of the Sale Shares by TMC;
  - (d) TMC (at the cost of TMC) obtaining the approval of its shareholders for the acquisition of the Sale Shares by TMC;
  - (e) the Srigim Vendors obtaining the approval of Srigim’s lenders (if any) to the disposal of the Sale Shares; and
  - (f) the approval(s) of such other authorities or bodies as the parties hereto shall deem necessary or proper.

The Due Diligence Audit referred to in sub-clauses (a) and (b) above shall be completed within two (2) months from the date of commencement or such extended period as the parties hereto may mutually agree and the approvals referred to in sub-clauses (c) to (e) above shall be obtained within four (4) months from the date of the Share SPA or such extended period as the parties hereto may mutually agree.

- (iv) If any condition precedent referred to in item (iii) above is not fulfilled within the period specified in the said item or if an appeal has been made to an authority to modify a condition imposed with such approval is not successful by the expiration of two (2) months from the date of the appeal or the discrepancies notified to the Srigim Vendors by the Auditors and Solicitors pursuant to the Due Diligence Audit cannot be rectified within fourteen (14) days from the date of receipt thereof then the Share SPA shall terminate and the Srigim Vendor’s solicitors shall return the deposit together with any interest accrued thereon to TMC and thereafter the rights and obligations of the parties shall be null and void and neither party shall have any claim against the other save for any antecedent breach.

- (v) The salient terms and conditions of the profit guarantee and deed of indemnity for liability for taxation include, amongst others, the following:-
- (a) in consideration of TMC entering into the Share SPA, one of the Srigim Vendors namely, See Ewe Beng (“**Guarantor**”) hereby agrees to guarantee that the profit after tax of Srigim shall be not less than Ringgit Malaysia Seven Hundred Thousand (RM700,000) only for the one (1) year period commencing from the first (1<sup>st</sup>) day of the month immediately after the 2<sup>nd</sup> Payment Date provided always that the rental payable by Srigim for the Property shall not exceed RM30,000 per month (currently no formal tenancy agreement has been entered as the conditions precedent had not been fully satisfied). For the aforesaid purpose, the Guarantor shall, simultaneously with the execution of the Share SPA, enter into a profit guarantee agreement with Srigim; and
  - (b) further, the Srigim Vendors agree with TMC that they will jointly and severally indemnify Srigim against any liability for taxation which arises wholly or partly in respect of, or in consequence of any acts omissions or transactions occurring or entered into on or before the 2<sup>nd</sup> Payment Date and the Srigim Vendors shall, for the aforesaid purpose, simultaneously with the execution of the Share SPA, execute a deed of indemnity with Srigim in respect thereof.

## **2.2 Basis of arriving at the Share Purchase Consideration**

The Share Purchase Consideration which will be satisfied entirely in cash was arrived at on a willing buyer-willing seller basis after taking into consideration, amongst others, the following factors:-

- (i) the latest available audited net assets of Srigim of RM1,946,089 as at 31 March 2007;
- (ii) the after tax profit guarantee for Srigim of not less than Ringgit Malaysia Seven Hundred Thousand (RM700,000) provided by the Guarantor; and
- (iii) the potential earnings and future prospects of Srigim.

## **2.3 Source of funding for the Proposed Acquisition of Srigim**

The purchase consideration for the Sale Shares of RM6,131,000 will be fully settled in cash, which will be funded substantially from bank borrowings of approximately RM4,353,010 and the remaining balance of approximately RM1,777,990 from internally generated funds.

The exact mix of borrowings and internally generated funds will be decided by the Board at a later date. The Board will choose the most optimum mix taking into consideration the Company’s gearing level, interest costs as well as internal cash requirements for its business. As at the date of this Circular, the actual breakdown of the source of funding has yet to be ascertained.

## **2.4 Assumption of liabilities**

No liabilities, including contingent liabilities and guarantees will be assumed by TMC pursuant to the Proposed Acquisition of Srigim.

Under the terms and conditions of the Share SPA, the Sale Shares shall be acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends rights and distributions declared, paid or made in respect thereof after the dates such part of the Sale Shares are paid in full in accordance with the Share SPA.



## 2.5 Additional financial commitment required

Other than the cash consideration for the Proposed Acquisition of Srigim, no additional financial commitments are expected to be required from TMC in putting the operation of Srigim on-stream as the business and operations of Srigim are already on-going and are expected to be able to generate the necessary resources. Any required additional financial commitment will be provided for by the TMC Group.

## 2.6 Original date and cost of investment

The Srigim Vendors had invested RM100 in Srigim since 1992.

The original date(s) and costs of investment in Srigim by the Srigim Vendors are as follows:-

Name	Original date of investment	No. of Srigim shares	Cost of investment RM
Tang Swee Hor	2 January 1992	1	1
	5 October 2007	49	49
See Ewe Beng	2 January 1992	1	1
	5 October 2007	49	49
<b>Total</b>		<b>100</b>	<b>100</b>

## 2.7 Background information on the acquiree company - Srigim

Srigim was incorporated under the laws of Malaysia on 2 January 1992 as a private limited liability company under the name of Srigim Medical Centre Sdn Bhd and having its registered office at No. 12A, Jalan Masjid Negeri, 11600 Penang.

Its authorised share capital is RM25,000 comprising 25,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

Srigim is in the business of operating a women's and children's hospital known as Srigim Medical Centre with sixty (60) beds and located at No. 12A, Jalan Masjid Negeri, 11600 Penang, Malaysia. Srigim commenced business in April 1992.

Further details of Srigim is set out in Appendix I of this Circular.

## 2.8 Background information on the Srigim Vendors

### 2.8.1 Tang Swee Hor

Tang Swee Hor, aged 58, a Malaysian, is a Director of Srigim. She currently holds 50 Srigim shares representing 50% of the entire equity interest in Srigim, all of which will be sold to TMC pursuant to the Proposed Acquisition of Srigim.

### 2.8.2 See Ewe Beng

See Ewe Beng, aged 60, a Malaysian, is a Director of Srigim. He currently holds 50 Srigim shares representing 50% of the entire equity interest in Srigim, all of which will be sold to TMC pursuant to the Proposed Acquisition of Srigim.

### 3. PROPOSED ACQUISITION OF PROPERTY

On 17 March 2008, TFP entered into the Property SPA with SEBCO to acquire all that piece of land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area of approximately 1,653 square metres together with a four (4) storey building known as Srigim Medical Centre and bearing the postal address of 12A, Jalan Masjid Negeri, 11600 Penang for a purchase consideration of RM7,325,000, to be satisfied entirely in cash.

#### 3.1 Salient terms and conditions of the Property SPA

The salient terms and conditions of the Property SPA include, amongst others, the following:-

- (i) The Property Purchase Consideration shall be paid by TFP in the following manner:-
  - (a) TFP shall, upon the execution of the Property SPA, pay the deposit sum of RM732,500; and
  - (b) TFP, within fourteen (14) days from the Unconditional Date; i.e. the date the last of the conditions precedent has been obtained, pay the balance of the Property Purchase Consideration amounting to RM6,592,500 to SEBCO's Solicitors as stakeholders who are hereby authorised to release the same to SEBCO within fourteen (14) days after the presentation of the instrument of transfer in favour of TFP ("Transfer") for registration at the relevant Land Office/Registry.
- (ii) The Property SPA is conditional upon:-
  - (a) TFP (at the cost of TFP) obtaining the approval of its shareholders for the acquisition of the Property by TFP; and
  - (b) the Share SPA having become unconditional as to completion in accordance with its terms and conditions;

within four (4) months from the date of the Property SPA or such extended period as the parties may mutually agree.
- (iii) If any condition precedent referred to in item (ii) above is not fulfilled within the period specified in the said item then any party may terminate the Property SPA by giving notice to such effect to the other party. Upon receipt of such written notice by the other party, the following consequences shall ensue:-
  - (a) TFP shall refund or cause SEBCO's Solicitors to refund the deposit sum together with any interest accrued thereon to the Company within seven (7) days;
  - (b) TFP shall return or cause to be returned to SEBCO the Transfer or in the event that the Transfer shall have been adjudicated and assessed stamp duty has been paid in relation thereof, to submit the Transfer to the proper authority for cancellation and refund of the stamp duty paid by TFP thereon;
  - (c) TFP shall return or cause to be returned to SEBCO all the documents forwarded to TFP by SEBCO; and
  - (d) thereafter, the Property SPA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches.

- (iv) The Property SPA shall become unconditional on the date the last of the conditions precedent as set out in item (ii) above has been obtained. The date a party's solicitors receive notification from the other solicitors that the last of the said conditions precedent has been obtained shall be referred to as the "**Unconditional Date**".
- (v) SEBCO's Solicitors shall release to SEBCO the deposit sum paid to SEBCO's Solicitors as stakeholders pursuant to item (i)(a) above together with any interest accrued thereon by way of Banker's cheque made payable to SEBCO within seven (7) days from the Unconditional Date.

### **3.2 Basis of arriving at the Property Purchase Consideration**

The Property Purchase Consideration which will be satisfied entirely in cash was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of RM7,600,000 as appraised by an independent registered valuer, KGV-Lambert Smith Hampton (PG) Sdn Bhd ("**Valuer**"). The Valuer has in its valuation report dated 7 March 2008, assessed the market value of the Property in its existing condition, free from all encumbrances and with the title being good, marketable and registrable as well as with vacant possession at RM7,600,000 using the Comparison and Cost methods of valuation.

The valuation certificate in respect of the Property is set out in Appendix II of this Circular.

### **3.3 Source of funding for the Proposed Acquisition of Property**

The purchase consideration for the Property of RM7,325,000 will be fully settled in cash, which will be funded substantially from bank borrowings of approximately RM5,200,750 and the remaining balance of approximately RM2,124,250 from internally generated funds.

The exact mix of borrowings and internally generated funds will be decided by the Board at a later date. The Board will choose the most optimum mix taking into consideration the Company's gearing level, interest costs as well as internal cash requirements for its business. As at the date of this Circular, the actual breakdown of the source of funding has yet to be ascertained.

### **3.4 Assumption of liabilities**

No liabilities, including contingent liabilities and guarantees will be assumed by TFP pursuant to the Proposed Acquisition of Property.

The Property is to be acquired free from all encumbrances, charges and liens in its existing condition on an "as is where is" basis together with the fixtures, fittings, furniture, plant, equipment and machinery (excluding those that belong to Srigim) contained in the Property with vacant possession free from all encumbrances subject to the rental-free lease of thirty (30) years commencing from 20 July 1991 and expiring on 19 July 2021 in favour of Tenaga Nasional Berhad granted for the installation and operations of an electrical substation serving the Property and subject to the existing conditions of title and category of land use.

### **3.5 Additional financial commitment required**

Other than the cash consideration for the Proposed Acquisition of Property, there is no additional financial commitment required by TFP in putting the operation of the Property on-stream as the Property is already an income-generating asset and will generate cash inflows for TFP immediately upon completion of the Proposed Acquisition of Property. The TMC Group expects to continue enjoying the rents and/or fees from the existing tenancy of the Property. Upon completion, the Board will evaluate the requirements for upgrading of the facilities and additional financial commitments may be required.

### **3.6 Original date and cost of investment**

The Company was informed by the Property Vendor that the net book value based on the latest audited financial statements of SEBCO for the financial year ended 30 April 2007 stood at RM2,876,226.

The Property Vendor was not able to furnish TMC with the information on the original cost of investment and date of investment of the Property as the relevant records are not available.

### **3.7 Brief information on the Property**

The Property is known as all that piece of freehold land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area of approximately 1,653 square metres together with a four (4) storey building known as Srigim Medical Centre and bearing the postal address of 12A, Jalan Masjid Negeri, 11600, Penang. The Property is being used to operate a private specialist hospital known as Srigim Medical Centre. The four (4) storey building is approximately sixteen (16) years old. The Property is free of encumbrances, save for the private caveat entered in favour of TFP.

The Property has a gross floor area of 2,958 square metres out of which about 2,374 square metres comprise the main built-up area. The Property has a total of seventeen (17) car parking bays. The category of land use is 'nil' with the express condition that the land:-

- (i) shall not be affected by any provision of the National Land Code 1965 ("Code") limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and
- (ii) subject to the implied condition that the land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs;

and the title shall confer the absolute right to all forest produce and to oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).

The Property is currently used to house the operation of Srigim and is expected to contribute gross annual rental of approximately RM384,000.

### **3.8 Background information on the Property Vendor - SEBCO**

SEBCO (Company No: 133355-P) is a company incorporated under the Act with its registered office at 100 Taman Jesselton, 10450 Penang.

Its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 700,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The principal activity of SEBCO is providing "Medical Specialist Consultation".

The directors and shareholders of SEBCO are Tang Swee Hor, See Ewe Beng, Marlene See Sue-Fen, Marissa See Sue-Ean and Michelle See Sue-Mei.

## **4. RATIONALE FOR THE PROPOSED ACQUISITIONS**

### **4.1 Proposed Acquisition of Srigim**

The Proposed Acquisition of Srigim is synergistic to the core business of the TMC Group and would facilitate the TMC Group's plan to expand its business in the provision of fertility services as well as medical services to women and children in the Northern Region of West Malaysia. The Proposed Acquisition of Srigim is also in line with the TMC Group's strategic plan to attract foreign patients entering via the Northern Region of the country, i.e. Penang which is also in line with the government's efforts to increase health tourism.

### **4.2 Proposed Acquisition of Property**

The Proposed Acquisition of Property was to facilitate and to ensure long-term operation of the medical centre operated by Srigim. The Company intends to further develop the medical centre into a niche medical centre to cater for women, children and fertility services.

## **5. INDUSTRY OUTLOOK AND FUTURE PROSPECTS**

### **5.1 The Malaysian healthcare services industry**

Health services cover the provision of healthcare services (such as hospital services and medical and dental services), social work services (for example, nursing homes), human health activities and veterinary services. The value chain of the health services sub-sector includes the manufacture, provision and distribution of pharmaceutical products, medical equipment and devices, health insurance, R&D, and education and training of medical personnel.

Due to the liberalisation of the Government policy on healthcare services and a greater demand for such services by the higher income group, private healthcare services grew at an average annual rate of 8 per cent, higher than the growth of public healthcare services at 5.4 per cent during the period 1990-2000. As at end of February 2008, there are 273 private hospitals in Malaysia, including nursing homes and maternity homes, of which 35 private hospitals have been identified as promoters of health tourism in Malaysia.

*(Source: Malaysia External Trade Development Corporation 2007)*

Health is an important asset in the development of human capital. During the Ninth Plan period, while the Government will continue to provide facilities and implement programmes to improve the health status of the population, greater individual responsibility is crucial for achieving better health. Towards this end, efforts will be undertaken to promote lifelong wellness as a proactive approach to maintain health, reduce the disease burden and harness resources available for the optimum benefit of the population. Emphasis will also be given to the consolidation and integration of services to further improve efficiency, quality, accessibility and equity in health care delivery. Thus, health sector development will be guided by the following strategies:

- preventing and reducing the disease burden to further improve the health status;
- enhancing the health care delivery system to increase accessibility to quality care;
- optimising resources through consolidation and integration;
- enhancing research and development to support evidence-based decision-making;
- managing health-related crisis and disasters effectively;
- enhancing human resource development; and
- strengthening health information and management systems.

During the Ninth Plan period, efforts will be undertaken to consolidate health care services, enhance human resource development and optimise resource utilisation. Improvements in the delivery system will be undertaken with the greater involvement of the private sector and NGOs. While efforts will be undertaken to protect the population from communicable and non-communicable diseases, the responsibility and cooperation of individuals, families and the community in disease prevention and control as well as practising a healthy lifestyle is crucial towards achieving better health and wellness.

The Government will continue to provide facilities and implement programmes to improve the health status of the population, especially at the primary care level. Existing facilities will be upgraded while new facilities will be built to provide a comprehensive package of services. Preventive, early screening and detection services will be enhanced to reduce the disease burden and cost of curative and rehabilitative care. The primary, secondary and tertiary care services will be consolidated through an efficient and effective referral system, in order to provide a seamless system for the benefit of patients. To facilitate this, a nationwide information system will be introduced to enable timely and reliable access to patients' health information. The Government will also promote the concept of lifelong wellness and a proactive approach to maintain health through awareness-raising initiatives such as the establishment of Community Health Promotion Centres in all health clinics. The prevention and control of communicable diseases will be emphasised through initiatives such as the establishment of the Communicable Disease Centre in Sungai Buloh, Selangor. Further, the Government aims to eradicate the incidence of malaria, typhoid and tuberculosis by 2010.

Human resource development will be given high priority to reduce acute shortage in various categories of medical and health personnel. In this regard, training for medical health personnel will be enhanced and expanded. Continuing professional development initiatives will also be increased to meet the need for higher level of care and in new areas of specialisation. The Government will improve the terms and conditions of service to continue attracting and retaining health personnel.

To increase the quality and level of professionalism, more hospitals will be encouraged to qualify for Hospital Accreditation Certification. In addition, relevant health legislation will be reviewed and new legislation formulated to better regulate the health sector including with respect to safe practice of traditional and complementary medicine.

The promotion of *education tourism* will continue to be expanded to expedite the development of Malaysia as a preferred destination for international students. The projected foreign exchange earnings from this potential source of growth is estimated at RM900 million by 2010. Towards this end, the number of Malaysian Education Promotion Centres in selected cities worldwide will be increased. Efforts to promote *health tourism* will be intensified to position Malaysia as an emerging health tourism centre worldwide. In this regard, the private sector will be encouraged to participate in various trade shows and expositions to showcase Malaysia's healthcare services in both traditional and non-traditional medical treatment. By 2010, a total of RM2.0 billion is expected as foreign exchange earnings from health tourism.

*(Source: Ninth Malaysia Plan 2006-2010)*

## **5.2 Future prospects of Srigim**

The encouraging outlook and growth prospects of the healthcare services industry will augur well for the future prospects of Srigim. The acquisition will increase the number of centres as well as positioning the TMC Group to tap the growing health tourism in the Northern Region and is expected to contribute positively to its future earnings. Additionally, the Proposed Acquisition of Property will secure the business operations of Srigim on the Company's owned property, thus removing any uncertainty of non-renewal of the lease.

## **6. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITIONS**

The following are risks (but not an exhaustive list of the risks) that the TMC Group faces or may face in the future which may have a material adverse effect on the performance of the TMC Group.

### **6.1 Conditions in the Share SPA and the Property SPA**

There may be an inherent risk of non-fulfillment of the conditions specified in the Share SPA and the Property SPA, and as a result, the Proposed Acquisitions would not be completed. Thus, the benefits to be derived from the Proposed Acquisitions would not be materialised.

### **6.2 Competition**

The TMC Group faces competition from other medical centres or clinics providing similar services; i.e. women, child and fertility services, within the vicinity of the Srigim Medical Centre.

To mitigate such risks, the Board will continuously strives to improve its quality in terms of facilities, technology and professional standards, enhance its reputation of reliability and meeting customers expectations, invest in research and development, and improving the skills and knowledge of its employees.

### **6.3 Financing risk**

The total purchase consideration of RM13,456,000 for the Proposed Acquisitions is expected to be satisfied via internally generated funds and bank borrowings. The bank borrowings are expected to be pegged to the base lending rate or cost of funds of the principal banker(s) which is greatly influenced by the directives from Bank Negara Malaysia and thus, the costs of the bank borrowings are expected to be affected by the changes in interest rates. Therefore, future increase of interest rates may have an adverse effect on the earnings of the TMC Group.

However, the currently profitable Srigim, barring any unforeseen circumstances, is expected to contribute positively to the earnings and cash flow of the TMC Group in the future.

### **6.4 Political, economic and regulatory factors**

The financial and business prospects of Srigim and the industry in which it operates depend to some degree on the developments in the political, economic and regulatory factors in Malaysia. Amongst the political, economic and regulatory factors are risks of war, riots, global economic downturn and unfavourable change in the Government's policy such as taxation, licensing regulation and Government policies. Whilst the Board will continue to adopt effective measures such as prudent financial management and efficient operating procedures, there can be no assurance that adverse political, economic and regulatory factors will not materially affect Srigim's performance.

### **6.5 Dependence on key personnel**

The success of Srigim will depend to a significant extent upon the abilities and continued efforts of the Directors and the senior management of Srigim. Srigim's future success will also depend on its ability to attract and retain skilled personnel. The loss of any Director or key member of the senior management of Srigim could adversely affect its ability to remain competitive. The Directors and the management teams of Srigim comprise individuals and professionals who have substantial expertise and vast experience in their respective fields.

TMC intends to retain the existing organisation structure of Srigim and continue with its existing business activities and direction except where such changes are necessary to rationalise the business activities and/or direction of the operations of Srigim. In the immediate term, TMC does not intend to dismiss or make redundant the employees of Srigim as a direct consequence of the Proposed Acquisition of Srigim. Nevertheless, there will be

ongoing constructive measures to improve the efficiency of operations and to optimise staff levels and productivity of Srigim.

#### **6.6 Adequacy of insurance coverage**

Srigim is aware of the adverse consequences arising from inadequate insurance coverage. The Board will conduct periodic reviews at least once annually to ensure that insurable risks have been identified and its assets, business interruptions risks, professional negligence risks and other third party liability risks are adequately insured.

However, there can be no assurance that the insurance coverage would be adequate for the replacement costs of the assets or any consequential loss arising therefrom.

#### **6.7 Forward-looking statements**

Certain statements in this letter are based on historical data, which may not be reflective of future results, and others are forward-looking in nature i.e. those other than statements of historical facts, which are subject to uncertainties and contingencies. Although the TMC Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct in the future. In the light of these and other uncertainties, the inclusion of any forward-looking statement in this letter should not be regarded as a representation or warranty by the Company that the plans and objectives with regards to the Proposed Acquisitions will be achieved.

### **7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS**

#### **7.1 Share capital and major shareholders' shareholdings**

The Proposed Acquisitions will not have any effect on the issued and paid-up share capital and the shareholdings of the major shareholders of TMC as no new TMC Shares will be issued pursuant to the Proposed Acquisitions.

#### **7.2 Earnings**

One of the Srigim Vendors namely, See Ewe Beng has irrevocably guaranteed the Company that the profit after tax of Srigim shall be not less than Ringgit Malaysia Seven Hundred Thousand (RM700,000) only for the one (1) year period commencing from the first (1<sup>st</sup>) day of the month immediately after the 2<sup>nd</sup> Payment Date provided always that the rental payable by Srigim for the Property shall not exceed RM30,000 per month. As such, it is anticipated that the Proposed Acquisition of Srigim will have a positive impact on the EPS of the TMC Group for the financial year ending 31 December 2008 and future financial years. For illustration purposes, based on a minimum profit after tax of RM700,000, the EPS of the TMC Group will improve by approximately 0.38 sen per TMC Share.

The Proposed Acquisition of Property is not expected to have any material impact on the EPS of the TMC Group for the financial year ending 31 December 2008.

#### **7.3 NA and gearing**

The Proposed Acquisitions are not expected to have any material effects on the NA of the TMC Group.

The proforma effects of the Proposed Acquisitions on the NA per TMC Share and gearing ratio of the TMC Group based on the audited consolidated balance sheet of TMC as at 31 December 2007 and the assumption that RM9,553,760, representing approximately 71% of the total purchase consideration for the Proposed Acquisitions, are financed through external borrowings to be procured by the Company are as follows:-



Group level	Audited as at 31 December 2007	After the Proposed Acquisitions
	RM	RM
Share capital	18,516,300	18,516,300
Share premium	26,990,937	26,990,937
Retained profits	29,917,692	29,917,692
NA attributable to shareholders	75,424,929	75,424,929
Minority interests	(92,202)	(92,202)
	<b>75,332,727</b>	<b>75,332,727</b>
Number of TMC Shares in issue	185,163,000	185,163,000
<b>NA per TMC Share (RM)</b>	<b>0.41</b>	<b>0.41</b>
Total borrowings (RM)	3,314,150	* 12,867,910
<b>Gearing ratio (times)</b>	<b>0.04</b>	<b>0.17</b>

*Note:-*

\* *As set out in Sections 2.3 and 3.3 above, the total purchase consideration for the Proposed Acquisitions are expected to be funded from the Company's internally generated funds and/or borrowings. The exact mix of borrowings and internally generated funds will be decided by the Board at a later date.*

## 8. APPROVALS REQUIRED

The Proposed Acquisitions are conditional upon approvals being obtained from the following:-

- (i) the FIC for the acquisition of the Sale Shares;
- (ii) Srigim's lenders (if any) to be obtained by the Srigim Vendors on the disposal of the Sale Shares;
- (iii) the shareholders of TMC for the acquisition of the Sale Shares and the Property by the Company at the forthcoming EGM; and
- (iv) any other relevant authorities or parties, if required.

All the required approvals as set out above are still pending as at the date of this Circular.

The Proposed Acquisition of Srigim and the Proposed Acquisition of Property are inter-conditional upon each other. The Proposed Acquisitions are not conditional upon the Proposals and any other corporate exercise undertaken or to be undertaken by the Company.

## 9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

To the best knowledge of the Directors and major shareholders of TMC, none of the Directors and/or major shareholders of TMC and/or persons connected to them, has any interest, direct or indirect, in the Proposed Acquisitions.

**10. OUTSTANDING PROPOSALS ANNOUNCED BUT NOT YET COMPLETED**

Save for the Proposals and the Proposed Acquisitions which are the subject matter in Part A and Part B respectively, of this Circular, the Board has confirmed that the Company does not have any other proposed corporate exercises that have been announced but not yet completed as at the date of this Circular.

**11. DIRECTORS' RECOMMENDATION**

The Board, after careful deliberation, is of the opinion that the Proposed Acquisitions are in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the ordinary resolutions pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

**12. EGM**

The EGM, the Notice of which is enclosed in this Circular, will be held at Casuarina Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 30 June 2008 at 11.20 a.m., or immediately following the conclusion or adjournment (as the case may be) of the Fifth (5th) AGM, which will be held at the same venue and on the same day at 11.00 a.m., whichever is later or the adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolutions to give effect to the Proposed Acquisitions.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible so as to arrive at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time stipulated for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**13. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Acquisition of Property and the Proposed Acquisition of Srigim in respect of the 1<sup>st</sup> tranche of shares referred to in paragraph 2.1(ii)(a) above are expected to be completed by the third quarter of 2008 and the Proposed Acquisition of Srigim in respect of the 2<sup>nd</sup> tranche of shares referred to in paragraph 2.1(ii)(b) is expected to be completed by the first quarter of 2011.

**14. FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendices for further information.

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

**PROFESSOR DATO' DR. KHALID BIN ABDUL KADIR**  
Independent Non-Executive Chairman

---

**INFORMATION ON SRIGIM**


---

**1. HISTORY AND BUSINESS**

Srigim was incorporated under the laws of Malaysia on 2 January 1992 as a private limited liability company under the name of Srigim Medical Centre Sdn Bhd and having its registered office at No. 12A, Jalan Masjid Negeri, 11600 Penang.

Its authorised share capital is RM25,000 comprising 25,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

Srigim is in the business of operating a women's and children's hospital known as Srigim Medical Centre with sixty (60) beds and located at No. 12A, Jalan Masjid Negeri, 11600 Penang, Malaysia. Srigim commenced business in April 1992.

**2. SHARE CAPITAL**

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

	Number of ordinary shares	Par value RM	Total RM
Authorised	25,000	1.00	25,000
Issued and fully paid-up	100	1.00	100

The changes in the issued and paid-up share capital of Srigim since the date of incorporation to the LPD are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Type of issue/ Consideration	Cumulative issued and paid-up share capital RM
2 January 1992	2	1.00	Subscribers' shares	2
5 October 2007	98	1.00	Cash	100

**3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The directors and substantial shareholders of Srigim and their shareholdings in Srigim based on the Register of Directors' and Substantial Shareholders' of Srigim as at the LPD are as follows:-

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
<b>Director / Substantial shareholder</b>					
Tang Swee Hor <sup>(1)</sup>	Malaysian	50	50	-	-
See Ewe Beng <sup>(2)</sup>	Malaysian	50	50	-	-

Notes:-

(1) Spouse of See Ewe Beng

(2) Spouse of Tang Swee Hor

#### 4. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, Srigim does not have any subsidiary and/or associated company.

#### 5. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Srigim based on the audited financial statements for the past five (5) financial years ended 31 March 2003 to 2007 and the unaudited financial statements for the ten (10) months financial period ended 31 January 2008 are as follows:-

For the financial year ended 31 March	←-----Audited-----→					Unaudited
	2003 RM '000	2004 RM '000	2005 RM '000	2006 RM '000	2007 RM '000	Ten (10) months financial period ended 31 January 2008 RM '000
Revenue	4,848	5,233	4,842	4,581	5,145	4,592
PBT	267	354	513	465	526	925
Taxation	(63)	(226)	(131)	(128)	45	(258)
Net profit for the year	204	128	382	337	571	667
No. of shares in issue*	100	100	100	100	100	100
Basic EPS (RM)	2,040	1,280	3,820	3,370	5,710	6,670
Shareholders' funds/NA (RM)	1,218,829	1,346,746	1,729,025	2,066,119	1,946,089	2,613,089
NA per share (RM)	12,188	13,467	17,290	20,661	19,461	26,131
Gross dividend rate (%)	NA	NA	NA	NA	NA	NA
Gearing (times)	NA	NA	NA	NA	NA	NA

*Notes:-*

\* Assumed as at the LPD

NA denotes not applicable

There were no exceptional or extraordinary items during the financial years/period under review.

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***Commentaries:-***

The net profit for the financial year ended 31 March 2004 of RM128,000 was 37.25% lower than the previous financial year and this was attributable to higher taxation despite an increase of 7.94% in revenue.

The net profit for the financial year ended 31 March 2005 of RM382,000 was attributable to improvement in the PBT margin of approximately 3.83% and a lower taxation.

The net profit for the financial year ended 31 March 2007 of RM571,000 was 69.44% higher than the previous financial year. This was attributable to an increase in revenue of 12.31% over the previous year and a write-back of provision for taxation in previous year of approximately RM165,000.

***[The rest of this page is intentionally left blank]***

## VALUATION CERTIFICATE OF THE PROPERTY

**KGV-Lambert  
Smith Hampton**

Our Ref : PGI/0805386/si

Date : May 29, 2008

The Board of Directors  
**TMC LIFE SCIENCES BERHAD**  
 312, 3<sup>rd</sup> Floor,  
 Block C, Kelana Square  
 17 Jalan SS7/26  
 47301 Petaling Jaya  
 Selangor Darul Ehsan

Attn: **Mr. Amos Siew Boon Yeong**  
 Executive Director

Dear Sirs

**CERTIFICATE OF VALUATION OF A 4-STOREY PRIVATE  
 MEDICAL CENTRE KNOWN AS SRIGIM MEDICAL CENTRE  
 ERECTED ON LOT NO. 4778, HELD UNDER GERAN 62532,  
 SECTION 5, TOWN OF GEORGETOWN, NORTH-EAST DISTRICT,  
 PENANG.  
 ADDRESS : NO. 12-A, JALAN MASJID NEGERI, 11600 PENANG.**

This letter has been prepared for inclusion in the Circular to Shareholders of TMC Life Sciences Berhad to be dated on ....~~0.6. JUN. 2008~~ in respect of the acquisition of the abovementioned property (hereinafter referred to as the "subject property").

In accordance with your instructions, we have inspected the subject property on March 7, 2008. The date of inspection is taken as the material date of valuation. Brief particulars of the respective title as extracted from the computer printout copy obtained from the Penang Registry of Titles Office in Penang are attached as APPENDIX A.

The subject property is a private medical centre comprising a 4-storey building erected on freehold land identified as Lot No. 4778, Section 5, Town of Georgetown, North East District, Penang with a surveyed land area of 1,653 sq. metres (about 17,793 sq. feet). The building has a gross floor area of 2,958 sq. metres (31,840 sq. feet) out of which about 2,374 sq. metres (25,550 sq. feet) comprise the main built-up area. It is presently occupied by Srigim Medical Centre.

Property Valuers  
 Machinery Valuers  
 Property Managers  
 Project Managers  
 Auctioneers  
 Property Consultants  
 Real Estate Agents

Other Offices :  
 Malaysia  
 Kuala Lumpur  
 Tel: (60)3-2161 5355  
 Fax: (60)3-2164 5355  
 Johor Bahru  
 Tel: (60)7-224 2022  
 Fax: (60)7-223 1366

Overseas  
 Athens  
 Atlanta  
 Belfast  
 Beverly Hills  
 Birmingham  
 Bristol  
 Cambridge  
 Clearwater  
 Dublin  
 Glasgow  
 Guildford  
 Hemel Hempstead  
 Leeds  
 Leicester  
 London  
 Luton  
 Maidenhead  
 Manchester  
 Milton Keynes  
 Northampton  
 Nottingham  
 Oxford  
 Peterborough  
 Reading  
 San Diego  
 Sheffield  
 Slough  
 Smyrna  
 Wellingborough



V(1)0018/2  
 E(1)0593/2

**KGV-LAMBERT SMITH HAMPTON (PG) SDN BHD** (687567-K)

12A-A Jalan Todak 4, Pusat Bandar Seberang Jaya,  
 13700 Prai, Penang.

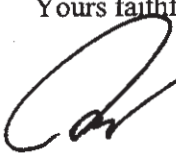
Tel: 04-398 8111 Fax: 04-398 8181

The basis of valuation is Market Value based on the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia. Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

The Comparison method and Cost Method of Valuation were adopted in arriving at the Market Value.

We are of the opinion that the Market Value of the subject property, i.e. **A 4-STOREY PRIVATE MEDICAL CENTRE KNOWN AS SRIGIM MEDICAL CENTRE ERECTED ON LOT NO. 4778, SECTION 5, TOWN OF GEORGETOWN, NORTH-EAST DISTRICT, PENANG BEARING POSTAL ADDRESS NO. 12-A, JALAN MASJID NEGERI, 11600 PENANG**, held under freehold tenure as at March 7, 2008 and subject to the limiting conditions stated in the full valuation report, in its existing condition, free from all encumbrances and with the title being good, marketable and registrable as well as with vacant possession is at **RM7,600,000/- (RINGGIT MALAYSIA : SEVEN MILLION AND SIX HUNDRED THOUSAND ONLY)**

Yours faithfully,



**KHOR BOON SOO, MISM, MRICS**  
Registered Valuer (V-440)  
Executive Director



## APPENDIX A

### PARTICULARS OF TITLE

Brief title particulars of the subject property as extracted from the computer printout copy of the title obtained from Penang Registry of Title Office in Penang are as follows :-

Title No.	:	Geran 62532
Lot No.	:	4778
Section	:	5
Town	:	Georgetown
District	:	North East
State	:	Penang
Tenure	:	Freehold – (First Grade)
Surveyed Land Area	:	1,653 sq. metres
Annual Rent	:	RM4,265/-
Registered Proprietor	:	SEBCO SENDIRIAN BERHAD - Full share
Category of Land Use	:	Nil
Express Condition	:	The land comprised in this title :-
		a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and
		b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs;

and the title shall confer the absolute right to all ferest produce and to oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).



Restriction In-Interest : Nil

Charge : Nil.

Endorsement : Nombor Perserahan : 10487/1994, Jilid No. 8, Folio No. 183, Pajakan Sebahagian Tanah kepada Tenaga Nasional Berhad bagi tempoh masa selama 30 tahun mulai dari 20hb Julai 1991 dan berakhir pada 19hb Julai 2021 didaftarkan pada 19hb Julai 1994.

*Note : We would advise that the services of a solicitor be engaged to verify the above title particulars.*

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**AUDITED FINANCIAL STATEMENTS OF SRIGIM FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007**


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**KHOO KHAI HONG & CO**

Chartered Accountants  
 102A Madras Lane  
 10400 Penang, Malaysia  
 Tel: 04-2268821, Fax: 04-2277585

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Company No.231506-U

REPORT OF THE AUDITORS TO THE MEMBERS OF  
 SRIGIM MEDICAL CENTRE SDN. BHD.  
 (Incorporated in Malaysia)


We have audited the financial statements set out on pages 42 to 50. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion—

- (a) the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2007 and of its results and cash flows for the year ended on that date in accordance with the applicable MASB Approved Accounting Standards in Malaysia for Private Entities, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

  
 KHOO KHAI HONG & CO.  
 No. AF-0199  
 Chartered Accountants

  
 KHOO KHAI HONG AUDITOR  
 10/3/09 (J)  
 Chartered Accountant

Penang: - 6 SEP 2007

SRIGIM MEDICAL CENTRE SDN. BHD.  
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 MARCH 2007

	Note	31-3-2007 RM	31-3-2006 RM
<b>SHARE CAPITAL</b>			
Authorised			
25,000 ordinary shares of RM1/- each		25,000	25,000
Issued and fully paid			
2 ordinary shares of RM1/- each		2	2
<b>ACCUMULATED PROFITS</b>			
		1,946,087	2,066,117
		1,946,089	2,066,119
<b>LONG TERM &amp; DEFERRED LIABILITY</b>			
Deferred taxation	4	122,441	122,874
		2,068,530	2,188,993
Represented by –			
PROPERTY, PLANT & EQUIPMENT	5	875,448	921,364
<b>CURRENT ASSETS</b>			
Stocks		172,677	204,448
Trade debtors		83,924	52,826
Sundry debtors and deposits		64,620	722,627
Director General of Inland Revenue		166,747	–
Fixed deposits with licensed bank		1,023,618	–
Cash and bank balances		321,170	941,926
		1,832,756	1,921,827
Less –			
<b>CURRENT LIABILITIES</b>			
Trade creditors		53,332	56,893
Hire purchase creditor	6	–	37,492
Other creditors and accruals		523,888	495,787
Sundry deposits received		14,144	14,494
Amount owing to director	7	48,310	49,433
Taxation		–	99
		639,674	654,198
<b>NET CURRENT ASSETS</b>			
		1,193,082	1,267,629
		2,068,530	2,188,993

This statement is to be read with the report and notes set out on pages 41, 45 to 50

SRIGIM MEDICAL CENTRE SDN. BHD.  
(Incorporated in Malaysia)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2007

	Note	Share capital RM	Accumulated profits RM	Total RM
At 1 April 2005		2	1,729,023	1,729,025
Net profit for the year		—	337,094	337,094
At 31 March 2006		2	2,066,117	2,066,119
Prior year adjustment	8	—	(691,158)	(691,158)
Net profit for the year		—	571,128	571,128
At 31 March 2007		2	1,946,087	1,946,089

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	31-3-2007 RM	31-3-2006 RM
Revenue	9	5,144,988	4,580,774
Cost of sales		(1,036,904)	(854,325)
Gross profit		4,108,084	3,726,449
Other operating income		17,536	26,483
Administrative and other operating expenses		(3,556,338)	(3,248,430)
Profit from operations		569,282	504,502
Finance costs		(42,813)	(39,048)
Profit before taxation	10	526,469	465,454
Taxation	11	44,659	(128,360)
Net profit for the year		571,128	337,094

This statement is to be read with the report and notes set out on pages 41, 45 to 50

SRIGIM MEDICAL CENTRE SDN. BHD.  
(Incorporated in Malaysia)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	31-3-2007 RM	31-3-2006 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	526,469	465,454
Adjustments for--		
Depreciation	180,268	194,387
Property, plant and equipment written off	-	1,920
Profit on disposal of property, plant and equipment	-	(21,073)
Operating profit before working capital changes	<u>706,737</u>	<u>640,688</u>
Decrease/(increase) in -- stock	31,771	(89,351)
-- debtors	(64,250)	(6,923)
Increase in creditors	23,067	258,521
Cash generated from operations	<u>697,325</u>	<u>802,935</u>
Tax refund	2,381	-
Tax paid	(125,000)	(207,631)
Net cash generated from operating activities	<u>574,706</u>	<u>595,304</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(134,352)	(35,491)
Proceeds from disposal of property, plant, and equipment	-	25,580
	<u>440,354</u>	<u>585,393</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase	(37,492)	(50,006)
Net increase in cash and cash equivalents	<u>402,862</u>	<u>535,387</u>
Cash and cash equivalents at beginning of year	<u>941,926</u>	<u>406,539</u>
Cash and cash equivalents at end of year	<u><u>1,344,788</u></u>	<u><u>941,926</u></u>
Cash and cash equivalents consist of --		
Fixed deposits with licensed bank	1,023,618	-
Cash and bank balances	321,170	941,926
	<u><u>1,344,788</u></u>	<u><u>941,926</u></u>

This statement is to be read with the report and notes set out on pages 41, 45 to 50

SRIGIM MEDICAL CENTRE SDN. BHD.  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2007

1. GENERAL INFORMATION

The principal activity of the Company is the operation of a medical centre.

The Company is a limited liability company, incorporated and domiciled in Malaysia.

The Company's registered office and principal place of business is located at 12-A Jalan Mesjid Negeri, 11600 Penang.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

**Credit risk**

Trade and other receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. It is the Company's policy to monitor the financial standing of the counter parties on an on going basis to ensure that the Company is exposed to minimal credit risk.

**Interest rate risk**

The Company's exposure to market risk for changes in interest rates relates primarily to fixed deposits with licensed banks. The Company manages interest cost using floating rate bank facilities.

**Liquidity risk**

As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash equivalents to meet its working capital requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting convention**

The financial statements of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below, and comply with applicable MASB Approved Accounting Standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is provided by the reducing balance method at rates designed to reduce the cost of the assets to residual value over their estimated useful lives at the following rates –

	Rate per annum
Medical equipments )	
Motor vehicles } 20%	
Computer system )	
Laboratory medical equipments )	
Furniture, fittings and equipments )	
Air conditioning system } 10%	
Fire and security system )	

(c) **Impairment of assets**

The carrying value of assets (excludes inventories and financial assets) are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where such indication exist, the asset's recoverable amount is estimated based on the higher of its net selling price and its value in use, which is measured by references to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(d) **Cash and cash equivalent**s

Cash comprises cash in hand and bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

4. DEFERRED TAXATION

	31-3-2007	31-3-2006
	RM	RM
The recognised deferred tax liability is as follows –		
Property, plant and equipment		
– capital allowances	<u>122,441</u>	<u>122,874</u>

## 5. PROPERTY, PLANT &amp; EQUIPMENT

31-3-2007	Medical equipments RM	Motor vehicles RM	Computer system RM	Laboratory medical equipments RM	Furniture, fittings and equipments RM	Air-conditioning system RM	Fire and security system RM	Total RM
<b>Cost</b>								
At 1 April	1,505,790	808,830	65,508	199,527	665,368	58,456	2,525	3,306,004
Additions	75,937	-	8,514	-	48,601	1,300	-	134,352
At 31 March	<u>1,581,727</u>	<u>808,830</u>	<u>74,022</u>	<u>199,527</u>	<u>713,969</u>	<u>59,756</u>	<u>2,525</u>	<u>3,440,356</u>
<b>Accumulated depreciation</b>								
At 1 April	1,195,669	501,251	47,217	173,017	433,361	32,258	1,867	2,384,640
Charge for the year	77,212	61,516	5,361	5,302	28,061	2,750	66	180,268
At 31 March	<u>1,272,881</u>	<u>562,767</u>	<u>52,578</u>	<u>178,319</u>	<u>461,422</u>	<u>35,008</u>	<u>1,933</u>	<u>2,564,908</u>
<b>Net book value</b>								
At 31 March 2007	<u>308,846</u>	<u>246,063</u>	<u>21,444</u>	<u>21,208</u>	<u>252,547</u>	<u>24,748</u>	<u>592</u>	<u>875,448</u>
At 31 March 2006	<u>310,121</u>	<u>307,579</u>	<u>18,291</u>	<u>26,510</u>	<u>232,007</u>	<u>26,198</u>	<u>658</u>	<u>921,364</u>
<b>Depreciation</b>								
Charge for year ended 31 March 2006	<u>77,530</u>	<u>76,894</u>	<u>4,572</u>	<u>6,628</u>	<u>25,779</u>	<u>2,911</u>	<u>73</u>	<u>194,387</u>



6. HIRE PURCHASE CREDITOR

	31-3-2007 RM	31-3-2006 RM
Hire purchase creditor (net of unexpired term charges Nil (31-3-2006: RM2,123)	-	37,492
Repayable within 12 months	-	37,492
Repayable after 12 months	-	-
	<u>          </u>	<u>          </u>

7. AMOUNT OWING TO DIRECTOR

The amount owing to director is unsecured, interest free and has no fixed term of repayment.

8. PRIOR YEAR ADJUSTMENT

Consultation fee paid was wrongly treated as advances from the Company during the years ended 31 March 2004, 2005 and 2006.

9. REVENUE

Revenue for the Company comprises professional fees and hospital charges billed for services rendered.

10. PROFIT BEFORE TAXATION

	31-3-2007 RM	31-3-2006 RM
This is arrived at -		
After charging		
Auditors' remuneration	6,680	6,680
Bad debts	591	5,249
Consultant share earning	1,241,551	861,950
Depreciation	180,268	194,387
Directors' remuneration	-	13,200
Rental	384,000	420,500
And crediting		
Interest income	13,726	-
Profit on disposal of property, plant and equipment	-	21,073
Rent received	3,810	5,410

## 11. TAXATION

	31-3-2007 RM	31-3-2006 RM
Current year provision	120,717	122,480
(Over)/under-provision in previous year	<u>(164,944)</u>	<u>13,131</u>
	(44,227)	135,611
Deferred taxation – current year	3,956	(7,251)
– previous year	<u>(4,388)</u>	<u>–</u>
	<u>(44,659)</u>	<u>128,360</u>
Reconciliation of effective tax rate –		
Profit before taxation	<u>526,469</u>	<u>465,454</u>
Income tax using Malaysian tax rate	142,147	130,327
Non-deductible expenses	17,526	24,902
Effect of changes in tax rates	<u>(35,000)</u>	<u>(40,000)</u>
	124,673	115,229
(Over)/under-provision in previous year		
– current taxation	(164,944)	13,131
– deferred taxation	<u>(4,388)</u>	<u>–</u>
	<u>(44,659)</u>	<u>128,360</u>

## 12. EMPLOYEES INFORMATION

	31-3-2007 RM	31-3-2006 RM
Staff costs	<u>1,084,040</u>	<u>1,207,362</u>
Number of employees – At 31 March	<u>55</u>	<u>60</u>

13. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective interest rates of classes of financial assets and financial liabilities are as follows –

	31-3-2007		31-3-2006	
	Less than one year RM	Effective interest rate %	Less than one year RM	Effective interest rate %
Financial assets				
Fixed deposits with licensed bank	1,023,618	3.1	–	–

The remaining financial assets and liabilities are not exposed to interest rate risk.

(b) Credit risk exposure

The credit risk for financial assets of the Company which have been recognised on the balance sheet is generally the carrying amount.

(c) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying amounts in the balance sheet.

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**ADDITIONAL INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENTS**

PM Securities, the Adviser for the Proposals, has given and has not subsequently withdrawn its written 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.

KGV-Lambert Smith Hampton (PG) Sdn Bhd, being named as the independent registered valuer of the Property for the Proposed Acquisition of Property, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificate in respect of the Property and all references thereto in the form and context in which they appear in this Circular.

Messrs KC Aw & Co., being named as the reporting accountants, has given and has not subsequently withdrawn its written 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.

**3. DECLARATION OF CONFLICT OF INTERESTS**

PM Securities, KGV-Lambert Smith Hampton (PG) Sdn Bhd and Messrs KC Aw & Co. are not aware of any conflict of interest situation which exists or is likely to exist in their capacity as the Adviser for the Proposals, independent registered valuer of the Property for the Proposed Acquisition of Property and the reporting accountants respectively.

**4. MATERIAL CONTRACTS****4.1 The TMC Group**

Save as disclosed below, the Share SPA, Property SPA, Profit Guarantee Agreement and Deed of Indemnity (detailed in Sections 2 and 3 of Part B of this Circular), neither TMC nor any of its subsidiary companies has entered into any material contract, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:-

A Deed of Novation dated 14 February 2007 between TMC, Damansara Women's Specialist Centre Sdn Bhd ("DWSC") and Sunshine Paradigm Sdn Bhd ("SPSB") whereby in consideration of the payment of RM10.00 only by DWSC to TMC, TMC novated to DWSC all rights, interests and obligations of TMC under the Design & Build Contract Agreement dated 19 December 2005 with SPSB in which SPSB has been engaged to design, construct, complete and commissioning of the Tropicana Medical Centre on Lot 11, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Daerah Petaling, Selangor Darul Ehsan.

## **4.2 Srigim**

Save for the Profit Guarantee Agreement and Deed of Indemnity (detailed in Section 2 of Part B of this Circular), Srigim has not entered into any material contract, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

## **5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

### **5.1 The TMC Group**

Neither TMC nor any of its subsidiary companies is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings pending or threatened against TMC and/or its subsidiary companies, or of any facts likely to give rise to any proceedings which might materially and adversely affect the business or financial position of TMC and/or its subsidiary companies.

### **5.2 Srigim**

Srigim is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of Directors of Srigim does not have any knowledge of any proceedings pending or threatened against Srigim, or of any facts likely to give rise to any proceedings which might materially and adversely affect the business or financial position of Srigim.

## **6. DOCUMENTS FOR INSPECTION**

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

- (i) the Memorandum and Articles of Association of TMC and Srigim, and the proposed amendments to the Articles of Association of TMC;
- (ii) the Share SPA, Property SPA, Profit Guarantee Agreement and Deed of Indemnity;
- (iii) the audited consolidated financial statements of TMC for the past two (2) financial years ended 31 December 2006 and 31 December 2007 and the latest unaudited consolidated financial statements of TMC for the three (3) months financial period ended 31 March 2008;
- (iv) the audited financial statements of Srigim for the past two (2) financial years ended 31 March 2006 and 31 March 2007 and the latest unaudited management accounts of Srigim for the ten (10) months financial period ended 31 January 2008;
- (v) the valuation certificate in respect of the Property dated 29 May 2008 as set out in Appendix II of this Circular and the valuation report prepared by KGV-Lambert Smith Hampton (PG) Sdn Bhd dated 7 March 2008 in relation to the Property;
- (vi) the letter of irrevocable written undertaking dated 8 May 2008 from Dr. Colin Lee Soon Soo referred to in Section 3.4 of Part A of this Circular;
- (vii) the letter from the reporting accountants, Messrs KC Aw & Co., dated 4 June 2008 confirming the adequacy of the Company's reserves required for capitalisation for the Proposed Bonus Issue;
- (viii) the letters of consent referred to in Section 2 of this Appendix; and
- (ix) the material contracts referred to in Section 4 of this Appendix.



## **TMC LIFE SCIENCES BERHAD**

(Company No: 624409-A)

(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of TMC Life Sciences Berhad (“TMC” or “Company”) will be held at Casuarina Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 30 June 2008 at 11.20 a.m., or immediately following the conclusion or adjournment (as the case may be) of the Fifth (5th) Annual General Meeting of the Company, which will be held at the same venue and on the same day at 11.00 a.m., whichever is later or the adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions:-

#### **ORDINARY RESOLUTION 1**

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL FROM RM25,000,000 COMPRISING 250,000,000 ORDINARY SHARES OF RM0.10 EACH TO RM100,000,000 COMPRISING 1,000,000,000 ORDINARY SHARES OF RM0.10 EACH**

“THAT subject to the passing of the Ordinary Resolutions 2, 3 and Special Resolution, the authorised share capital of the Company be increased from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each (“TMC Shares”) by the creation of an additional 750,000,000 new TMC Shares and that the Memorandum and Articles of Association of the Company and all other documents be amended accordingly.”

#### **SPECIAL RESOLUTION**

##### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

“THAT, subject to the passing of the Ordinary Resolutions 1, 2 and 3, and approvals from the relevant authorities for the transfer of the listing and quotation for the entire enlarged issued and paid-up capital of the Company of RM60,177,975 comprising 601,779,750 ordinary shares of RM0.10 each in the Company from the MESDAQ Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) to the Main Board of Bursa Securities, the Articles of Association of the Company be amended in the following manner:-

(i) the existing definition of “Approved Market Place” which reads as follows be deleted from Article 2:-

“Approved Market Place ... a Stock Exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order (No. 2) 1998.”

(ii) the existing Article 47A which reads as follows:-

“(1) Where (if applicable):-

- (a) the securities of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

- (2) For the avoidance of doubt, where (1)(a) and (b) are fulfilled, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register."

be amended by substituting for the said Article 47A the following:-

"47A Where (if applicable):-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock market, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities."

- (iii) the following new Article 152A which reads as follows be inserted immediately after the existing Article 152:-

"152A The Company in general meeting may, upon recommendation by the Directors, by ordinary resolution resolve that any sum standing to the credit of the share premium account, the capital redemption reserve, retained profits or other reserves available for distribution, be applied in paying up of unissued shares to:-

- (a) members who have pursuant to a renounceable rights issue by the Company subscribed for shares in the Company;
- (b) persons who have subscribed for shares in the Company renounced to them pursuant to a renounceable rights issue; and/or
- (c) underwriters who have been taken up unsubscribed portion of the rights issue.

## **ORDINARY RESOLUTION 2**

### **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 185,163,000 NEW ORDINARY SHARES OF RM0.10 EACH IN TMC ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING TMC SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, AT AN INDICATIVE ISSUE PRICE OF RM0.20 PER RIGHTS SHARE**

"THAT, subject to the passing of the Ordinary Resolutions 1, 3 and Special Resolution, and approvals being obtained from the relevant authorities for the proposed transfer of the listing and quotation for the entire enlarged issued and paid-up capital of the Company of 601,779,750 ordinary shares of RM0.10 each in the Company from the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the Main Board of Bursa Securities, the Directors be and are hereby authorised to allot and issue up to 185,163,000 new ordinary shares of RM0.10 each in the Company ("Rights Shares") at an indicative issue price of RM0.20 per Rights Share, payable in full upon acceptance to be provisionally allotted to the registered shareholders of TMC whose name appear in the Record of Depositors at the close of business on an entitlement date to be determined

by the Directors, including any persons entitled on renunciation of a provisional allotment, on the basis of one (1) Rights Share of RM0.10 each for every one (1) existing ordinary share of RM0.10 each held in TMC;

AND THAT the Rights Shares shall upon issue and allotment thereof, rank *pari passu* in all respects with the then existing issued and fully paid-up ordinary shares of RM0.10 each in the Company except that such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions declared on or prior to the date of issue and allotment of the said TMC Shares;

AND THAT the Directors be and are hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares arising from the Proposed Rights Issue which are not validly taken up or which are not allotted for any reason whatsoever in such manner as the Directors may in their discretion deem fit and expedient;

AND THAT the Directors be and are hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Rights Issue."

### **ORDINARY RESOLUTION 3**

#### **PROPOSED BONUS ISSUE OF 231,453,750 TMC SHARES ON THE BASIS OF FIVE (5) NEW TMC SHARES FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED AND ALLOTTED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER**

"THAT, subject to the passing of the Ordinary Resolutions 1, 2 and Special Resolution, and approvals being obtained from the relevant authorities for the proposed transfer of the listing and quotation for the entire enlarged issued and paid-up capital of the Company of up to 601,779,750 ordinary shares of RM0.10 each in the Company from the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the Main Board of Bursa Securities, approval be and is hereby given to the Directors of the Company to capitalise and apply a total sum of RM23,145,375 from the Company's share premium account for the purposes of the Proposed Bonus Issue of 231,453,750 TMC Shares on the basis of five (5) new TMC Shares ("Bonus Shares") for every four (4) Rights Shares subscribed and allotted under the Proposed Rights Issue at an entitlement date to be determined later ("Proposed Bonus Issue") the details of which are set out in Section 4 of Part A of the Circular to the shareholders of the Company dated 6 June 2008;

AND THAT the Directors of the Company be and are hereby authorised to apply such sums and to issue at par, up to 231,453,750 new TMC Shares to be credited as fully paid-up and such new Bonus Shares to be allotted to the shareholders of the Company who subscribed for the Rights Shares to be issued under the Proposed Rights Issue;

AND THAT fractional entitlements shall be dealt with by the Directors of the Company in such manner as the Directors of the Company may in their absolute discretion think fit and expedient and in the best interest of the Company and shareholders;

AND THAT such new Bonus Shares shall, upon allotment and issue thereof, rank *pari passu* in all respects with the existing shares, save and except that they shall not be entitled to participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Bonus Shares;

AND THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."



#### **ORDINARY RESOLUTION 4**

##### **PROPOSED ACQUISITION OF 100 ORDINARY SHARES OF RM1.00 EACH REPRESENTING THE ENTIRE ISSUED AND PAID-UP CAPITAL OF SRIGIM MEDICAL CENTRE SDN. BHD. BY THE COMPANY FROM TANG SWEE HOR AND SEE EWE BENG FOR A CASH CONSIDERATION OF RM6,131,000**

“THAT subject to the passing of the Ordinary Resolution 5, the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given for the Company to acquire 100 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Srigim Medical Centre Sdn. Bhd. by the Company from Tang Swee Hor and See Ewe Beng for a cash consideration of RM6,131,000 subject to any adjustment upon the terms and conditions as contained in the Conditional Sale and Purchase Agreement dated 17 March 2008 between the Company, Tang Swee Hor and See Ewe Beng (“Proposed Acquisition of Srigim”);

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the Proposed Acquisition of Srigim with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or permitted by the relevant authorities.”

#### **ORDINARY RESOLUTION 5**

##### **PROPOSED ACQUISITION OF ALL THAT PIECE OF LAND TOGETHER WITH A FOUR (4) STOREY BUILDING KNOWN AS SRIGIM MEDICAL CENTRE BY TMC FERTILITY (PENANG) SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM SEBCO SDN. BHD. FOR A CASH CONSIDERATION OF RM7,325,000**

“THAT subject to the passing of the Ordinary Resolution 4, the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given for the Company to acquire all that piece of freehold land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang measuring in area 1,653 square metres together with a four (4) storey building known as SRIGIM MEDICAL CENTRE and bearing the postal address of 12A, Jalan Masjid Negeri, 11600, Penang by TMC Fertility (Penang) Sdn. Bhd., a wholly-owned subsidiary of the Company from Sebco Sdn. Bhd. for a total cash consideration of RM7,325,000 upon the terms and conditions as contained in the Conditional Sale and Purchase Agreement dated 17 March 2008 between TMC Fertility (Penang) Sdn. Bhd. and Sebco Sdn. Bhd. (“Proposed Acquisition of Property”);

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the Proposed Acquisition of Property with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or permitted by the relevant authorities.”

**By Order of the Board**

**SEOW FEI SAN**  
**WONG SIEW YEEN**  
Secretaries

Petaling Jaya  
6 June 2008

**Notes:-**

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



## TMC LIFE SCIENCES BERHAD

(Company No: 624409-A)  
(Incorporated in Malaysia)

### FORM OF PROXY

I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_

(Please Use Block Capitals)

of \_\_\_\_\_

(Full Address)

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

(Full Name)

of \_\_\_\_\_

(Full Address)

or failing him/her, \_\_\_\_\_

(Full Name)

of \_\_\_\_\_

(Full Address)

as my/our proxy to vote for me/us and if necessary to demand a poll at the Extraordinary General Meeting of the Company to be held at Casuarina Room, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 30 June 2008 at 11.20 a.m., or immediately following the conclusion or adjournment (as the case may be) of the Fifth (5th) Annual General Meeting of the Company, which will be held at the same venue and on the same day at 11.00 a.m., whichever is later or the adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any matter arising at the Meeting.

		FOR	AGAINST
<b>ORDINARY RESOLUTION 1</b>	<b>PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL</b>		
<b>SPECIAL RESOLUTION</b>	<b>PROPOSED AMENDMENTS</b>		
<b>ORDINARY RESOLUTION 2</b>	<b>PROPOSED RIGHTS ISSUE</b>		
<b>ORDINARY RESOLUTION 3</b>	<b>PROPOSED BONUS ISSUE</b>		
<b>ORDINARY RESOLUTION 4</b>	<b>PROPOSED ACQUISITION OF SRIGIM</b>		
<b>ORDINARY RESOLUTION 5</b>	<b>PROPOSED ACQUISITION OF PROPERTY</b>		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

<b>Number of shares held</b>	
------------------------------	--

\_\_\_\_\_  
Signature



**Notes:-**

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

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*Then fold here*

AFFIX  
STAMP

The Company Secretary  
**TMC Life Sciences Berhad**  
(624409-A)  
312, 3rd Floor, Block C, Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

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