TRANSCORP HOLDINGS LIMITED
(Company Registration No. 199502905Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF A 10% STAKE IN THE ISSUED AND PAID-UP CAPITAL OF MOTOR MEGAMALL PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Board**") of Transcorp Holdings Limited. (the "**Company**") and its subsidiaries (the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement dated 23 March 2018 (the "**Sale and Purchase Agreement**") with Mr Oh Chee Tat (Hu Zhida) ("**Mr Oh**" or the "**Vendor**") to acquire 10,000 fully paid-up ordinary shares (the "**Sale Shares**") in the issued and paid-up capital of Motor Megamall Pte. Ltd. (the "**Target**"), which comprises 10% of the entire issued and paid-up share capital of the Target on the terms and conditions of the Sale and Purchase Agreement (the "**Proposed Acquisition**") for S$1,500,000 (the "**Consideration**"), to be satisfied entirely by the Company through the issuance and allotment of 30,000,000 new ordinary shares in the capital of the Company (the "**Consideration Shares**") at the issue price of S$0.05 per Consideration Share.

2. INFORMATION ON THE TARGET

The information on the Target in this paragraph was provided by the Vendor. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

The Target is principally a fintech start-up company in the business of providing an agency platform for owners and purchasers of motor vehicles to obtain financing from financial institutions or hire purchase companies through the use of the Target's online matching platform hosted at www.motormegamall.com (the "**Website**"). The Target collects a finder fee from the funders on a success basis and provides such services to borrowers gratuitously. The Target will also be engaging car dealers, agents, brokers and introducers to refer their customers and clients to use the Website and shares fees with such dealers, agents, brokers and introducers. The Target's platform relies on online tools to collect the borrowers' data and their applications and compile the same for the funders' processing and approval. The Target is scheduled to launch its Website in April 2018.

Mr Goh Chin Soon ("**Mr Goh**"), the ex-Executive Chairman, was negotiating with the Vendor for the Company to invest into the Target prior to his resignation. Subsequent to Mr Goh's resignation on 28 February 2018, Mr Chua Heng Chuan Ronnie, a key management of the Company, followed up with the Vendor and completed the negotiation.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is complementary to the Company's existing automobile sales business and affords an opportunity for the Company to benefit from the use of the Target's platform to offer its motor vehicles

for sale as well as participate in the profits of the Target as a shareholder should the Target's platform receives widespread acceptance and usage. The Board believes that the investment could also open up opportunities for the Company to expand its business into motor vehicle financing through tie-ups and strategic partnership with the Target and its founder, Mr Oh, who is an experienced businessman in the motor vehicle financing sector. Mr Oh is the owner and director of Ace Financial Services Pte. Ltd, a consumer credit company specializing in motor vehicles financing. In the event that *inter alia,* the Company and or the Group embarks directly on motor-vehicle financing, the Company will, subject to the applicable Rules, seek such shareholders' approval as maybe needed for the diversifications into motor-vehicle financing.

The Board is also of the view that by limiting the Company's participation in the Target's share capital to 10% and paid for by shares in the Company issued at a premium of approximately 67.8% to the weighted average price of the Company's shares for trades done on Catalist ("**Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on full market day prior to the signing of the Sale and Purchase Agreement of approximately S$0.0298, the Company has limited the downside risk on this investment whilst gaining an opportunity to participate in the business of a fintech company at an early stage and ride on the potential upside and growth of a fintech company operating in a segment of the fintech sector that has great relevance for the Company's existing automobile sales business. As the Consideration is being paid for entirely by shares in the Company, this would not have any adverse impact on the Company's cashflow or working capital needs.

The Board is of the opinion that the Proposed Acquisition will not change the risk profile of the Company and the Group in view of the following: -

(a) The Group's current business operations include retailing and trading of motor vehicles, which is a component of the Target's online platform. Accordingly, the activities and revenue of the Target's online platform is similar and synergistic to the Group's current business; and

(b) The Group's current business involves referring motor vehicle loans to financial institution, and referral fees obtained from such referrals are ancillary to the Group's core business being retailing and trading of motor vehicles. It is noted that as the Target's online platform has not been launched as at the date of this announcement, and the Target's revenue from referral fees is not expected to be significant.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Sale and Purchase

Pursuant to the Sale and Purchase Agreement, the Company will acquire the Sale Shares free from any encumbrances and together with all rights attaching thereto.

4.2 Consideration

The Consideration for the sale and purchase of the Sale Shares shall be satisfied entirely by the Company through an issuance and allotment of 30,000,000 Consideration Shares at the issue price of S$0.05 per Consideration Share (the "**Issue Price**") to the Vendor. The Issue Price of S$0.05 per Consideration Share represents a premium of approximately 67.8% to the weighted average price of S$0.0298 per share in the capital of the Company for trades done on Catalist on 22 March 2018,

being the full market day prior to the signing of the Sale and Purchase Agreement.

The Consideration Shares, when allotted and issued, shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares of the Company ("**Shares**"), except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

There is no moratorium imposed on the Consideration Shares.

The Vendor is not a person who falls within the categories set out in Rule 812(1) of Section B: Rules of Catalist of the Listing Manual ("**Catalist Rules**") of the SGX-ST.

The Sponsor of the Company, Asian Corporate Advisors Pte. Ltd., will be consulting the SGX-ST pursuant to the Rule 1007 as the relative figures computed pursuant to the Rule 1006 involves negative figures and subject to consultation with the SGX-ST, *inter alia,* shareholders' approval may be needed. In addition, the Sponsor will be making an application on behalf of the Company to SGX-ST, for the listing and quotation of the Consideration Shares on Catalist. The Company will make the necessary announcement in due course upon obtaining the approval in-principle from the SGX-ST.

The Consideration was arrived at following arm's length negotiations on a willing buyer willing seller basis, taking into account, *inter alia,* the growth prospects of the Target considering the Website is a groundbreaking platform for motor vehicle trading, retailing and financing as well as the fact that the Consideration shall be fully satisfied by issuance of the Consideration Shares at the Issue Price which is at a premium of 67.8% over the weighted average price for the Shares of S$0.0298 for trades done on Catalist on 22 March 2018, being the full market day prior to the signing of the Sale and Purchase Agreement. In the event that the Company would raise cash via private placement or rights issue for the Proposed Acquisition, the issue price for such private placement or rights issue would generally be at discount to the market price for the Shares.

4.3 Conditions Precedent and Completion

Subject to:

(i) the Company obtaining in-principle approval for listing and quotation of the Consideration Shares; and

(ii) the approval of its shareholders (if applicable under the Catalist Rules),

completion shall take place on the date which is **TWO** weeks after the last of the aforesaid conditions precedent has been satisfied, or such other time or date as the Company and the Vendor may agree in writing.

On completion, the Company is entitled to nominate one (1) person to be appointed to the board of directors of the Target, which currently comprised of two (2) directors. The Vendor is entitled to nominate up to four (4) persons to the board of directors of the Target.

Save as disclosed herein, there are no material conditions attaching to the Proposed Acquisition including put, call or other options.

4.4 Post-Completion Undertakings

Following completion, the Vendor undertakes to the Company:

1. to use all reasonable endeavours to publicly launch the Website and commence operation on or before the end of April 2018;

2. to ensure that the ownership of all intellectual property in respect of the Website, its drivers and engines, and in respect of the underlying business are all properly vested in the Target;

3. to be responsible for further fund raising exercise of the Target to meet any working capital needs of the Target and/or to grow or expand its business provided always that the Seller shall procure that the Company will not raise fund through the issuance of new shares in the Company without the Purchaser's consent unless the Sale Shares have an implied value of not less than S$1,500,000 on a fully diluted basis based on the valuation that the Company is carrying out the fund raising exercise; and

4. not to, and will procure his affiliates not to, demand for the repayment of the any part of any loans or advances made by them to the Target until such time that the Target has sufficient profits and working capital to repay the same such that the repayment thereof would not have an adverse impact on the cash flow or working capital of the Target.

4.5 Value of the Sale Shares

(a) Net Asset Value

The net asset value of the Target for the eight (8) months period from its date of incorporation up to 28 February 2018 based on unaudited management accounts of the Target is S$90,599.

No valuation for the Target has been obtained or commissioned.

(b) Net loss

The net loss before tax attributable of the Target for the eight (8) months period from its date of incorporation up to 28 February 2018 based on unaudited management accounts of the Target is S$9,401.

As at the date of this announcement, the Target has not generated any revenue as the Website is expected to be launched only in April 2018. However, the Company understands that the Target has secured tie-ups with several financial institutions for motor vehicle financing.

4.6 Service Contracts

There are no persons proposed to be appointed as directors of the Company in connection with the Proposed Acquisition.

There are no services contracts to be entered into at completion, and the management team of the Target will continue to manage the business and affairs of the Target.

4.7 Shareholders' Agreement

The parties will also be entering into a shareholders' agreement with the Company, the Vendor and the Target (the "**Shareholders' Agreement**") on or prior to Completion.

Under the Shareholders' Agreement, all shareholders of the Target are entitled to pre-emption rights on the issuance of new shares by the Target as well as any proposed transfer of shares by the other shareholders. All shareholders will also be entitled to tag along rights under the terms of the Shareholders' Agreement whenever a shareholder proposes to transfer its shares in the Target (the "**Transferor**") to a non-shareholder, whereby every shareholder is entitled to receive an offer from any proposed transferee to either purchase (a) up to all its shares in the Target, or (b) up to a proportion of its shares in the Target equal to the fraction the nominator of which shall equal the number of the shares in the Target being purchased by the proposed transferee from the Transferor and the denominator of which shall be equal to the total number of shares in the Target held by the Transferor, at the price per share paid by the transferee to the Transferor.

The Shareholders' Agreement will also grant to the Vendor a drag along option that the Vendor may exercise by giving notice to all the other shareholders of the Target when he wishes to sell all his shares in the Target at a price per share that would value the Company's Sale Shares at an aggregate price of not less than S$3,000,000 or the value based on the price per share in the Target paid by or would be paid by the transferee to the Vendor, whichever is the higher, and the other shareholders would be obliged sell all their shares in the Target to the transferee at the aforesaid price.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 Assumptions

The pro forma financial effects in this section are based on the audited consolidated financial statement of the Group for the financial year ended 31 October 2017 ("**FY2017**") and the unaudited financial statement of the Target for eight (8) months period ended 28 February 2018 and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following Completion.

5.2 Net Tangible Assets

For illustrative purposes and assuming the Proposed Acquisition had been completed on 31 October 2017, the pro forma financial effects on the consolidated net tangible assets ("**NTA**") for FY2017 are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (S$'000)	15,551	17,051
Number of Shares	239,393,000	269,393,000
NTA per Share (Singapore cents)	6.50	6.33

5.3 Earnings

For illustrative purposes and assuming the Proposed Acquisition had been completed on 1 November 2016, the pro forma financial effects on the earnings per share of the Group are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net loss attributable to shareholders after tax from continuing operations (S$'000)	(5,348)	(5,348)[1]
Number of weighted average shares	239,393,000	269,393,000
Earnings per Share (Singapore cents)	(2.23)	(1.99)

Note 1: The investment in the Target of 10% is treated just an investment and the Company is not require to account for its results in the Group as per the Singapore Financial Reporting Standard.

5.4 Share Capital

The Proposed Acquisition involves the allotment and issuance of the Consideration Shares.

The Consideration Shares represent approximately 12.53% of the existing issued and paid-up share capital of the Company of 239,393,000 Shares as at the date of this announcement (excluding treasury shares and subsidiary holdings, if any). Immediately after completion of the Proposed Acquisition and assuming that no further Shares are issued prior thereto, the Proposed Acquisition will increase the number of issued and paid-up Shares to 269,393,000 Shares and the Consideration Shares represent approximately 11.14% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings, if any).

5.5 New Share Issue Mandate

The Consideration Shares will be allotted and issued pursuant to the new Share issue mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 27 February 2018 (the "**New Share Issue Mandate**"). As such, no circular will be issued by the Company in connection with the Proposed Acquisition.

Under the New Share Issue Mandate, the Board is authorised to issue new Shares, on the basis that the total number of issued Shares and instruments to be issued other than on a pro rata basis to existing shareholders of the Company must be not more than fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the time of the passing of the resolution approving the New Share Issue Mandate (the "**Relevant Time**"), after adjusting for, amongst others, new Shares arising from the conversion or exercise of any instruments.

The total number of ordinary Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the Relevant Time was 239,393,000 Shares. As at the date of this announcement, the Company has not issued any Shares under the New Share Issue Mandate, and no event has occurred which would result in any adjustment in the number of Shares on which the New Share Issue Mandate is based. As such, the maximum number of Shares that may be issued pursuant to the General Mandate other than on a pro rata basis to existing shareholders is 119,696,500 new Shares.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Based on (a) the audited consolidated financial statement of the Group for FY2017; and (b) the unaudited financial statement of the Target for eight (8) months period from its date of incorporation up to 28 February 2018, the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

Rule 1006	**Bases**	**Relative Figures (%)**
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	n.m. (1)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	28.19 (2)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	12.53 (3)
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

(1) Not meaningful, as both the Group and the Target have incurred losses for the relevant period under comparison. For FY2017, the Group's losses were S$5,972,391 and as the Target was in its preparatory phase to launch the Website from its date of incorporation up to 28 February 2018, it has incurred losses of S$9,401.

(2) The market capitalisation was derived from 239,393,000 Shares in issue and the weighted average price of S$0.0298 per Share ("**Weighted Average Price Per Share**") as at 22 March 2018, being the last traded market day immediately preceding the date of the Sale and Purchase Agreement. The aggregate value of the Consideration Shares is S$2,011,297 (which is determined based on the net asset value per Share for the Group of S$0.067 for FY2017, which is higher than the Weighted Average Price Per Share).

(3) The number of Shares previously issued by the Company is 239,393,000 and the number of Consideration Shares to be issued is 30,000,000.

As the relative figures for computation of Rule 1006 involves negative figures, the transaction will be subject to the consultation with the SGX-ST and where applicable the requirement to seek shareholders' approval. The outcome of such consultations will be announced accordingly.

7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or shareholders of the Company ("**Shareholders**") has any interest, direct or indirect, in the Proposed Acquisition.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. DOCUMENT FOR INSPECTION

A copy of the Sale and Purchase Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

10 CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Wee Peng Kelvin
Lead Independent Director

23 March 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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