TRANSCORP HOLDINGS LIMITED

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

ENTRY INTO A MEMORANDUM OF UNDERSTANDING WITH AN INTERESTED PERSON TO PARTICIPATE IN A PROPERTY DEVELOPMENT PROJECT IN DONGSHAN

The Board of Directors (the "**Board**") of Transcorp Holdings Ltd. (the "**Company**") and its subsidiaries (the "**Group**") wishes to announce that the Company has entered into a tripartite memorandum of understanding dated 31 October 2017 (the "**MOU**") with Mdm Cheng Ming Ming ("**CMM**") and Dongshan Dibao Property Co., Ltd **(**东山帝宝房地产有限公司**)** (the "**Project Company**") relating to the Company's interest to participate in an integrated development project (the "**Project**") under the Project Company which includes the development of quality residential apartments, recreational facilities and retail units on a piece of land located at Dongshan County, Qipu Town, Xincheng Road East Yuanchang Dianpian District (东山县西埔镇新城路西側原广电片区) (the "**Land**") in Fujian Province, People's Republic of China.

The Project Company has successfully bided for the Land at a price of RMB 56,500,000 in a local government open tender. CMM is currently the sole shareholder of the Project Company. An amount of RMB 28,250,000 being 50% of the transfer price for the Land has been paid by the Project Company on 22 May 2017. The balance amount of RMB 28,250,000 is payable by the Project Company to the local land authority latest by April 2018.

Under the terms of the MOU, the Company will be granted the exclusive right but not the obligation to participate in the Project upon the essential terms of the MOU during the term of the MOU.

The Company proposes to take up to an interest of 51% in the Project, whether by way of subscribing of new shares in the Project Company, entering into a joint development contract with the Project Company, entering into a funding and management contract with the Project Company or via a combination of any of the aforesaid structures. As at the date of this announcement, the Company does not intend to acquire the remaining 49% interest in the Project or the Project Company.

The Company shall have the right to select the most efficient structure (whether tax wise, legally or for profit extraction) to participate in the Project but CMM and the Project Company shall have the right to require the Company to provide mechanism for the equitable adjustment of any tax or financing burden shifted to CMM or the Project Company due to the structure selected by the Company as if the Company is a joint venture partner participating as a shareholder in the Project Company. The Company shall be allowed to participate at cost into the Project regardless of the structure selected by the Company.

The Company is to pay to the Project Company the sum of **S$6,003,000** as a good faith deposit upon signing of the MOU ("**Deposit**"). Any funds paid or reimbursed to the Project Company shall be fully refundable on demand in the event that no formal agreements ("**Formal Agreements**") are entered into between the parties, or in the event that the conditions precedent in such Formal Agreements are not waived or fulfilled within the timelines set out in this MOU or in such Formal Agreements or within any extensions thereof (if any). CMM, the sole owner and legal representative of the Project Company has undertaken to provide to the Company within 30 days from the date of this MOU (i) a share charge over 100% of the shares in the Project Company and (ii) a share charge over CMM's script shares in the Company, comprising of 64,700,000 shares in the Company which constitutes 27.03% of the issued and paid-up shares of the Company to secure the refund of the Deposit.

The Audit Committee of the Company has considered the proposed term of the MOU (including but not limited to the payment of the Deposit, its quantum, and the provision of the share charge over 100% of the shares of the Project Company and share charge over CMM's shares in the Company including the timing of the provision of such share charges) and are satisfied with the arrangement for the Deposit and that the refund of the Deposit would be satisfactorily secured based on the value of the CMM's shares in Company, the value of CMM's shares in the Project Company and the share charge to be executed by CMM in favour of the Company over CMM's shares in Company, as well as the share charge to be executed by CMM in favour of the Company over CMM's shares in the Project Company, all to secure the refund of the Deposit. In addition, the Board and the Audit Committee have been advised that assuming the proper execution of the relevant share charges and completion of the necessary registration or filing, such share charges would be enforceable and do not contravene with any applicable rules and regulation.

The fund for the Deposit comes from internal resources. The payment of the Land will be funded by the shareholders of the Project Company and the construction of the Project will be funded from bank facilities with any short fall to be funded proportionate by the shareholders of the Project Company.

The parties will use their best endeavours to negotiate in good faith and to enter into the Formal Agreements within three (3) months from the date of the MOU or within such other longer period as the parties may agree in writing (the "**Negotiating Period**") and if the parties have not entered into any Formal Agreements by the expiry of the Negotiation Period or any mutually agreed extension thereof, then either party can terminate the MOU by providing not less than one (1) month's written notice to the other parties provided that CMM and the Project Company may not terminate the MOU until they shall have refunded fully any monies paid by the Company to CMM and/or the Project Company under the MOU.

The Company enters into this transaction with CMM and the Project Company in order to obtain an exclusive right to participate in the Project at cost. Based on the information made available by the management of the Company (including *inter alia* the Project and its feasibility, availability of funding or financing for the construction of the Project), the Board and the Audit Committee are of the view that this is an opportunity for the Company to enter the lucrative property development sector in China and given the fact that CMM is a controlling shareholder of the Company, her interest would be aligned with the Company's interest in ensuring that the Project would be successful.

As CMM is a controlling shareholder of the Company, holding 64,700,000 shares in the Company constituting 27.03% of the issued and paid-up shares of the Company, the proposed transaction with CMM and/or the Project Company would be considered an interested person transaction as defined in Chapter 9 of the Catalist Rules and any Formal Agreements entered into with CMM and/or the Project Company will be subject to shareholders' approval in accordance with the provisions thereunder.

Based on the advice from the Company's legal advisor, the Board confirms that notwithstanding any terms in the MOU, the MOU does not amount to a legally binding contract on the Company to pursue or complete the proposed transaction of investing into the Project Company or the Project and the parties to the MOU are not obliged to enter into the Formal Agreement.

The Board will seek the necessary shareholders' approval for the transaction upon entering into the Formal Agreement in compliance with the Catalist Rules, including but not limited to approval for participation into property development, change of risk profile and business diversification (where applicable) and to comply with the requirements of Chapter 9 and Chapter 10 of the Catalist Rules.

Save as disclosed above, none of the directors or controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the proposed transaction other than through their respective shareholdings in the Company.

The Company will release further announcements on the progress of the negotiation of the proposed transaction in due course.

The Company will make further disclosures in a separate announcement upon entering into the Formal Agreement in compliance with the applicable requirements of the Catalist Rules, in particular requirements under Chapter 9 and Chapter 10 of the Catalist Rules.

BY ORDER OF THE BOARD

Goh Chin Soon
Executive Chairman

31 October 2017

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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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