

TRANSCU GROUP LIMITED

(Company Registration No.: 196800320E)
(the "Company")

PROPOSED REDUCTION OF THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY ("PROPOSED CAPITAL REDUCTION")

1. INTRODUCTION

The Board of Directors (the "**Board**") of Transcu Group Limited (the "**Company**") refers to its announcement date 27 May 2014 upon releasing the unaudited financial statements for financial year ended 31 March 2014 of its intention to undertake capital reduction exercise pursuant to Section 78C of the Companies Act (Cap. 50) of Singapore (the "Act").

2. DETAILS AND RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the cancellation of the Company's issued and fully paid up share capital from S\$734,381,914.75 divided into 10,716,141,748 ordinary shares (or such number of resultant shares after the Proposed Share Consolidation), to S\$2.00 divided into 10,716,141,748 ordinary shares (or such number of resultant shares after the Proposed Share Consolidation).

The amount of S\$734,381,912.75, being the credit arising from the cancellation of the share capital, shall be applied to write off the accumulated losses of the Company as at 30 June 2014 to the extent of S\$734,381,912.75.

The Company recorded accumulated losses of approximately S\$744.4 million.

The Proposed Capital Reduction does not entail any outflow of cash or changes in the net assets of the Company.

As there will be no changes to the number of issued shares following the above, it will not have any effect on the NTA per share, EPS and gearing ratio of the Company and the Group.

This Capital Reduction exercise is to rationalise the balance sheet of the Company to accurately reflect the value of its underlying assets. With the writing off of the accumulated losses, the Company would be in a better position to declare future dividends, once the Company returned to profitability.

3. CONDITIONS AND APPROVAL

The Proposed Capital Reduction is subject to, *inter-alia*, the following:

- a) the approval from the shareholders of the Company by way of a Special Resolution ("**Capital Reduction Resolution**") at an extraordinary general meeting of the Company to be convened ("**the EGM**");
- b) notification to the Comptroller of Income Tax on the passing of the Capital Reduction Resolution at the EGM, within eight (8) days from the date of the passing of the Capital Reduction Resolution;
- c) compliance with the relevant publicity requirements as prescribed in the Act;

- d) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within timeframe prescribed in the Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- e) lodgement of the relevant documents with the Accounting and Corporate Regulatory Authority of Singapore after the end of six (6) weeks (but before the end of eight (8) weeks) commencing from the date of the passing of the Capital Reduction Resolution.

4. NOTICE OF EGM

The Notice of the EGM for the Proposed Capital Reduction will be announced, published and dispatched to shareholders in due course.

5. FURTHER ANNOUNCEMENTS

The Company will continue to keep all its Shareholders updated on any material developments on a timely basis.

BY ORDER OF THE BOARD
TRANSCU GROUP LIMITED

Alan David Gordon
Chief Financial Officer
4 July 2014