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

THE PROPOSED ACQUISITION OF SHARES IN REGAL MOTORS PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Transcorp Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement dated 21 December 2015 (the "**SPA**") with Cheng MingMing ("**Cheng**") and Chua Heng Chuan Ronnie ("**Chua**") (collectively, the "**Vendors**"), pursuant to which the Company shall acquire an aggregate of 5,309,735 ordinary shares (the "**Sale Shares**") representing approximately 88.5% of the issued and paid-up share capital of Regal Motors Pte. Ltd. (the "**Target**") for an aggregate consideration of up to S$20,000,000 (the "**Proposed Acquisition**", and the Company and the Vendors shall be referred to collectively as the "**Parties**").

Under the SPA, the Company shall purchase:

(a) 4,709,735 Sale Shares, representing approximately 78.5% of the issued share capital of the Target, from Cheng (the "**Cheng Sale Shares**"); and

(b) 600,000 Sale Shares, representing 10% of the issued share capital of the Target, from Chua (the "**Chua Sale Shares**").

The shareholding structure of the Target before and after the Proposed Acquisition is set out below:

Shareholders of the Target	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of shares	Percentage	Number of shares	Percentage
Cheng	5,400,000	90.0%	690,265	11.5%
Chua	600,000	10.0%	Nil	-
The Company	Nil	-	5,309,735	88.5%
Total	**6,000,000**	**100.0%**	**6,000,000**	**100.0%**

The Proposed Acquisition constitutes a major transaction as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is subject to, *inter alia*, the approval of (i) the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") and the SGX-ST, and (ii) the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting to be convened (the "**EGM**").

2. INFORMATION ON THE TARGET AND THE VENDORS

2.1 Information on the Target

The Target is a private company limited by shares incorporated in Singapore on 22 October 2013. It is currently 90% owned by Cheng and 10% owned by Chua. As at the date of this

announcement, the Target has a total issued and paid-up share capital of S$6,000,000 comprising 6,000,000 ordinary shares.

The Target is principally engaged in the business of automobile sales as a parallel importer and an authorised distributor of "Lorinser" brand automobiles. For the financial year ended 30 September 2015, the Target sold 99 vehicles and held an inventory of 92 vehicles.

Based on the unaudited financial statements of the Target (the "**Target's Accounts**") for the financial year ended 30 September 2015 ("**FY2015**"), the net tangible assets ("**NTA**") of the Target was approximately S$8,190,080. The net book value of the Target is S$8,190,079.

Based on the Target's Accounts, the net profit after tax of the Target for FY2015 was approximately S$2,361,111.

Additionally, the Company commissioned a valuation of the fair market value of the Target on 11 December 2015. The valuation was conducted by UniStand Appraisal Limited and values the fair market value of the Target, as at 30 November 2015, to be S$22,626,000.

2.2 Information on the Vendors

Cheng is Chinese national with experience in property investment in China. She is a director of a Chinese property and investment company known as Qing Dao Dong Meng Zhi Ye Fa Zhan You Xian Gong Si (青岛东盟置业发展有限公司). Desirous of other investment opportunities, she set up the Target in 2013 as an investment into the automobile industry in Singapore. Cheng is a director of the Target.

Chua is a Singaporean with more than 30 years of experience in the automotive industry with an emphasis on automobile sales. He has held positions of various capacities at different stages of his career, including in shipping and marketing, sales and as founder of two (2) different companies dealing in used cars and as a parallel importer. With his wide range of experience and in depth knowledge of the automobile industry, Chua has a long track record in automobile sales. Chua is also a director of the Target.

The Vendors are independent third parties who are not related to the Group or any of the Directors or substantial shareholders of the Company.

2.3 Summary of Financial Information of the Target

A summary of the Target's Accounts are set out below:

Summary of Income Statement

	FY2015 (S$)
Revenue	14,284,844
Costs of Sales	9,987,090
Gross Profit	4,297,754
Profit before tax	2,801,286
Profit after tax	2,361,111

Summary of Financial Position

	As at 30 September 2015 (S$)
Non-current assets	337,641
Current assets	8,606,916
Current liabilities	605,602
Non-current liabilities	148,875
Total Asset	8,190,080
Equity	8,190,080

3. RATIONALE AND BENEFITS

To enhance value for Shareholders, the Group constantly seeks attractive investment opportunities and believes in seizing such opportunities as they arise in order to stay competitive, while managing its exposure to risk effectively.

The Proposed Acquisition represents the Group's first foray into the automobile industry. Having considered various factors, the Company believes that the automobile industry, in particular the sale of automobiles, is an attractive business sector that will remain robust in the long term. Based on the Company's analysis of automobile market data available in Singapore, the Company believes that the domestic automobile market is slated for growth in the next few years.

Anyone who wishes to register a new vehicle in Singapore must first obtain a Certificate of Entitlement ("**COE**") in the appropriate vehicle category. A COE represents a right to vehicle ownership. A newly obtained COE lasts for a ten-year period and upon the expiry of the ten-year period, vehicle owners may choose to de-register their vehicle or to revalidate their COEs for another five (5) or ten (10) years by paying the prevailing quota premium. The ten-year "lifespan" of each vehicle therefore suggests that upcoming demand for vehicles may be tracked by examining vehicle registrations of previous years.

A total of approximately 320,000 cars were registered between 2006 and 2008 which represent approximately 32.9% of the total number of cars in 2014[1]. This suggests that a corresponding number of de-registrations may take place in the next three (3) years. Based on the number of vehicles slated for de-registration, taking into account the number of current owners that may choose not to purchase a new vehicle and those that choose to revalidate their COEs, the Company believes that there is a substantial customer base for automobile sales. Based on publicly available information, the Company believes that automobile sales will continue to grow between 2015 and 2019. This represents an attractive potential demand that the Proposed Acquisition can take advantage of.

The Target is an operating company with a track record of two (2) years in domestic automobile sales. Its business model of maintaining a sizeable inventory of parallel imported vehicles allows it to deliver new automobiles to customers quickly once a sale is made. This capability distinguishes the Target from its competitors in a market where purchasing new

[1] Based on figures obtained from the Land Transport Authority at http://www.lta.gov.sg/content/dam/ltaweb/corp/PublicationsResearch/files/FactsandFigures/Statistics%20in%20Brief%202015%20FINAL.pdf

automobiles often involve waiting times of up to six (6) months as new automobiles are indented and imported only after the purchase is agreed. With a net profit after tax of approximately S$2,361,111 and no material liabilities or indebtedness, the Target is an attractive investment opportunity for the Group. Its financial strength also allows it to react quickly to changing market conditions and to tap into the growing demand for automobiles. Information relating to the Target and its financial information have been discussed above in paragraphs 2.1 and 2.3.

The Target is led by Chua. Information relating to his business experience has been provided in paragraph 2.2 above. Under his leadership, the Target has developed a profitable business within a short two (2) years from incorporation.

Given the strong financials and the profitability of the Target, coupled with the expertise brought by Chua, the Board believes that the Proposed Acquisition will contribute positively to the future earnings of the Group and enhance shareholder value in the long term.

4. THE PROPOSED ACQUISITION

4.1 Consideration

4.1.1 The aggregate consideration for the purchase of the Sale Shares shall be the sum of up to S$20,000,000 (the "**Consideration**"), which shall be satisfied by a mixture of cash and shares as follows:

Consideration Payable to Cheng

(a) a cash payment of S$11,999,986 to Cheng ("**Cheng's Cash Consideration**") as follows:

(i) S$4,500,000 on the date of Completion (as defined below); and

(ii) Up to S$7,499,986, payable in the following manner:

(A) if the NPAT of the Target exceeds S$2,500,000 in FY2016: Up to S$2,000,000 within 15 Business Days after the audited accounts of the Group for FY2016 is issued;

(B) if the NPAT of the Target exceeds S$3,000,000 in FY2017: Up to S$2,000,000 within 15 Business Days after the audited accounts of the Group for FY2017 is issued;

(C) if the NPAT of the Target exceeds S$3,500,000 in FY2018: Up to S$2,000,000 within 15 Business Days after the audited accounts of the Group is issued; and

(D) S$1,499,986 on the date falling five (5) years after the date of Completion.

If the Target fails to achieve the target NPAT for any of the FYs set out in sub-paragraphs (A) to (D) above, the amount payable by the Company to Cheng for that FY shall be reduced by an amount equal to the shortfall

between the NPAT actually achieved by the Target and the target NPAT for the relevant FY.

For the purposes of this announcement, "**NPAT**" shall mean the normalised net profits after tax and shall be determined in accordance with accounting procedures agreed in the SPA for each of FY2016, FY2017 and FY2018;

(b) the allotment and issuance of 43,158,000 new shares in the Company ("**Shares**") (the "**Cheng Consideration Shares**") by the Company to Cheng (and/or her designated nominees) at the issue price of S$0.133 (the "**Issue Price**");

Consideration payable to Chua

(c) a cash payment of S$4,985 to Chua ("**Chua's Cash Consideration**") on the Completion Date; and

(d) the allotment and issuance of 16,955,000 new Shares (the "**Chua Consideration Shares**") by the Company to Chua at the Issue Price,

(the Cheng Consideration Shares and the Chua Consideration Shares collectively, the "**Consideration Shares**").

4.1.2 The Consideration Shares shall be issued on the date of Completion as fully-paid shares and shall rank *pari passu* in all respects with and carry all rights similar to the ordinary shares in the capital of the Company Shares (the "**Shares**") in issue then, 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.

4.1.3 The Company's issued and paid-up share capital (excluding treasury shares) as at the date of this announcement of S$18,541,551 comprising 179,280,000 Shares will increase to S$26,536,580 comprising 239,393,000 Shares after completion of the Proposed Acquisition ("**Completion**"). The Consideration Shares represent approximately 33.5% of the issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 25.1% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after Completion.

4.1.4 The Issue Price of S$0.133 is the volume weighted average price of the Shares for trades done on the SGX-ST on 18 December 2015 (being the last full market day on which the Shares were traded prior to the date the SPA was signed). No discount or premium is given on the Issue Price.

4.1.6 The Consideration was determined at arm's length on a willing-buyer willing-seller basis, taking into account:

(a) the NTA of the Target of approximately S$8,190,080, based on the Target's Accounts;

(b) the net profit after tax of the Target of approximately S$2,361,111, based on the Target's Accounts;

(c) the business prospects, track record and competencies of the Target and the potential benefits arising from the Proposed Acquisition as elaborated in paragraph 3 of this announcement; and

(d) the fair market value of S$22,626,000 of the Target as stated in the valuation report by UniStand Appraisal Limited.

4.2 Conditions Precedent

4.2.1 Completion is conditional upon, *inter alia*, the following conditions being satisfied or waived (as the case may be) on or before Completion:

(a) the completion of the legal, financial and commercial due diligence in respect of the accounts, assets, personnel and businesses of the Target to be carried out by the Company and/or its appointed advisers and the results of such due diligence being satisfactory in the reasonable opinion of the Company;

(b) the approval of the independent Shareholders of the Company being obtained at the EGM for the Proposed Acquisition and all transactions contemplated under the SPA, including the allotment and issuance of the Consideration Shares;

(c) the allotment and issuance of, the Consideration Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the Vendors;

(d) the Company being satisfied in its sole and absolute discretion that there has been no material adverse change (as defined in the SPA), or events, acts or omissions likely to lead to a material adverse change to the business, operations, assets, financial condition, turnover or prospects of the Target;

(e) the repayment by Cheng of all amounts owing to the Target, including but not limited to the sum of S$1,716,816.35, on or before the date of the EGM;

(f) all necessary approvals, consents and waivers required to complete the SPA and all transactions contemplated under the SPA being obtained, and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any Party, such conditions being acceptable to the Party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion;

(g) the receipt of listing and quotation notice in respect of the Consideration Shares on the Catalist Board of the SGX-ST ("**Catalist**") being obtained;

(h) each of the representations, warranties and undertakings remaining true and not misleading in any respect at Completion, as if repeated at Completion and at all times between the date of the SPA and Completion.

4.2.3 If the conditions set out above are not satisfied or waived by the relevant party by 31 March 2016 (or such later date as agreed between the parties), the provisions of the SPA shall cease and determine and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise save in respect of any antecedent breach of the SPA.

4.3 Moratorium

Each of the Vendors has undertaken, on a several basis, not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, 100% of the Consideration Shares they receive (adjusted for any bonus issues or sub-division of shares) (the "**Relevant Shares**") for a period of three (3) months commencing from the date the Acquisition is completed, and no more than 50% of such Relevant Shares for a period of three (3) months thereafter.

4.4 Source of Funds

The cash portion of the Consideration will be fully funded from internal working capital of the Company.

4.5 The Proposed Acquisition changes the risk profile of the Company

Shareholders should note that the Proposed Acquisition will result in a diversification of the Group's business to the automobile sales sector and will change the risk profile of the Group.

5. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition on the consolidated NTA per Share and the consolidated earnings per Share ("**EPS**") have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 October 2014 ("**FY2014**"), and the Target's Accounts. The *pro forma* financial effects of the Proposed Acquisition are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Acquisition.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the following assumptions:

(a) the financial effects of the Proposed Acquisition on the consolidated NTA per Share are computed assuming that the Proposed Acquisition had been completed on 31 October 2014;

(b) the financial effects of the Proposed Acquisition on the consolidated EPS are computed assuming that the Proposed Acquisition had been completed on 1 November 2013; and

(c) the expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects.

5.1 NTA

	As at 31 October 2014	
	Before the Proposed Acquisition	**After the Proposed Acquisition**
Consolidated NTA attributable to Shareholders (S$'000)	19,106	26,354
Number of Shares (excluding treasury shares)	179,280,000	239,393,000
Consolidated NTA per Share attributable to Shareholders (cents)	10.7	11.0

5.2 Earnings per Share

	FY2014	
	Before the Proposed Acquisition	**After the Proposed Acquisition**
Consolidated profit / (loss) after tax and minority interests(S$'000)	9,231	11,321
Weighted average number of Shares (excluding treasury shares)	179,280,000	239,393,000
Consolidated profit / (loss) per Share (cents)	5.15	4.73

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

Based on the Company's FY2014 financial statements, the relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Rule 1006	**Bases of Calculation**	**Relative Figure (%)**
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value[(1)]	Not applicable[(1)]
(b)	Net profits[(2)] of approximately S$2,089,583[(3)] attributable to the Sale Shares, compared with the Group's net profits of approximately S$9,231,206[(4)]	22.6%
(c)	The Consideration of S$20,000,000, compared with the Company's market capitalisation of approximately S$23,844,240[(5)]	83.9%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition[(6)], compared with the number of equity securities previously in issue	33.5%

(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable[7]

Notes:

(1) This is not applicable to an acquisition of assets.

(2) "**Net profits**" means profit or loss before income tax, minority interests and extraordinary items.

(3) Calculated based on the Target's Accounts for FY2015.

(4) Based on the Company's FY2014 financial statements.

(5) The market capitalisation of the Company is calculated on the basis of 179,280,000 Shares in issue (excluding treasury shares) as at the date of this announcement and the 1-day volume weighted average price of S$0.133 for such Shares transacted on 18 December 2015, being the last market day on which Shares were traded immediately before the date of the SPA.

(6) Based on the issue of 60,113,000 Consideration Shares.

(7) This is not applicable as the Proposed Acquisition is not an acquisition of mineral, oil or gas assets.

Based on the unaudited consolidated financial statements of the Company for the half year ended 30 April 2015 ("**HY2015**"), the relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value[1]	Not applicable[1]
(b)	Net profits[2] of approximately S$2,089,583[3] attributable to the Sale Shares, compared with the Group's net loss of approximately S$803,000[5]	(260.2)% [4]
(c)	The Consideration of S$20,000,000, compared with the Company's market capitalisation of approximately S$23,844,240 [6]	83.9%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition[7], compared with the number of equity securities previously in issue	33.5%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable[8]

Notes:

(1) This is not applicable to an acquisition of assets.

(2) "**Net profits**" means profit or loss before income tax, minority interests and extraordinary items.

(3) Calculated based on the Target's Accounts for FY2015.

(4) The relative figure of (260.2)% is not meaningful as based on the Company's HY2015 financial statements and the Target's Accounts, the Company is loss-making and the Target is a profitable asset. The acquisition by the Company of a profitable asset results in a negative figure under Rule 1006(b).

(5) Based on the Company's HY2015 financial statements.

(6) The market capitalisation of the Company is calculated on the basis of 179,280,000 Shares in issue (excluding treasury shares) as at the date of this announcement and the 1-day volume weighted average price of S$0.133 for such Shares transacted on 18 December 2015, being the last market day on which Shares were traded immediately before the date of the SPA.

(7) Based on the issue of 60,113,000 Consideration Shares.

(8) This is not applicable as the Proposed Acquisition is not an acquisition of mineral, oil or gas assets.

As the relative figures computed on the bases set out in Rule 1006(c) of the Catalist Rules exceed 75% but is less than 100%, the Proposed Acquisition constitutes a major transaction under Chapter 10 of the Catalist Rules and is accordingly conditional upon, *inter alia*, approval of the Shareholders.

7. FURTHER INFORMATION

The Company will be making an application to the SGX-ST through the Sponsor for permission to deal in and for the listing and quotation of the Consideration Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the Consideration Shares on Catalist will be made in due course.

A shareholders' circular would be despatched in due course to seek shareholders' approval for the Proposed Acquisition and the issue of the Consideration Shares.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the valuation report by UniStand Appraisal Limited are available for inspection during normal business hours at the Company's registered office at 1 Kim Seng Promenade, #17-04 Great World City, Singapore 237994, for a period of three (3) months from the date of this announcement.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition. Accordingly no service contract is proposed to be entered into between the Company and any such person.

10. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

11. RULE 1204(19)(C) OF THE CATALIST RULES

Each of the Directors confirms that pursuant to Rule 1204(19)(c) of the Catalist Rules, there are no other price sensitive information that should be disclosed to Shareholders, save for the

abovementioned Proposed Acquisition. Shareholders should note that the Company will be releasing its financial results for the financial year ended 31 October 2015 shortly.

12. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company as the Proposed Acquisition is subject to certain conditions and 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 on the Proposed Acquisition. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

13. DIRECTORS' 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 this 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.

By Order of the Board
TRANSCORP HOLDINGS LIMITED

Ainsley Jong
Chief Executive Officer and Executive Director

21 December 2015

This announcement has been prepared by the Company and its contents have been reviewed by the company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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