



## TRANSCORP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 27 April 1995)

(Company Registration Number: 199502905Z)

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### ASSESSMENT OF THE ABILITY OF TRANSCORP HOLDINGS LIMITED AND ITS SUBSIDIARIES TO CONTINUE AS A GOING CONCERN

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The Board of Directors (the “**Board**”) of Transcorp Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to update its shareholders on its assessment of the Company’s ability to operate as a going concern.

The key considerations in this assessment include:

- A) New proposed Placement to raise S\$550,000
- B) Affirmative legal action to recover up to S\$8,500,000
- C) Detailed plan to manage Accounts Payable
- D) Future business plan post-placement
- E) Second Placement tranche of up to S\$1,000,000
- F) Impact of Writ of Summons (“**WOS**”) received from a supplier of Regal Motors Pte. Ltd. (“**Regal Motors**”)
- G) Impact of WOS received from Fuji Xerox Singapore Pte Ltd (“**Fuji Xerox**”)

A) New proposed Placement to raise S\$550,000

As announced in an earlier announcement, the Company has reaffirmed with its two investors to participate in a new placement exercise to raise S\$550,000. The use of the placement proceeds, to be disclosed in the SGX announcement relating to the Placement, are as follows:

Use	Percentage of Proceeds	Actual Amount
Working Capital	50%	S\$ 275,000
Repayment of Creditors	20%	S\$ 110,000
Legal Fees	15%	S\$ 82,500
Business Expansion	15%	S\$ 82,500

B) Affirmative legal action to recover up to S\$8,500,000

The Company has taken formal legal action towards potential recoveries arising from two legal cases. The first case pertains to the Dongshan Project. The second case pertains to the return of Advance Deposits from a supplier of Regal Motors. As the Company is in early stages of this affirmative legal action, updates will be provided at a later stage. The Directors believe that the outcomes of these cases will be beneficial to the Company and support the going concern assertion and the sufficiency of working capital.

C) Detailed plan to manage Accounts Payables

The Company is in the process of executing a detailed plan to manage its Accounts Payable. The Company has engaged in formal communication with certain creditors to restructure the payable amount into a longer-term instalment plan and/or accept a "haircut" of the amount for payment upon a successful Placement exercise. The Company is also continuing its efforts to realize the automobile inventory that is held in its subsidiary Regal Motors.

D) Future business plan post-placement

With the successful Placement exercise, the Company intends to execute its business expansion plan to achieve a breakeven cash flow position within 5 months of the receipt of Placement proceeds. The Company is in the discussion with a potential business partner and a financial institution that are able to provide financing for the Company to scale its automotive rental fleet, which reduces the need for capital expenditure by the Company.

E) Second tranche Placement of up to S\$1,000,000

The Company is also secured in-principle agreement with new investors for additional capital (of up to S\$1,000,000) through a second tranche of Placement shares. This tranche will be done in consideration that certain milestones can be met by the Company:

- (1) Corporate Restructuring of Management Team and Board Fees
- (2) Commencement of legal action for two legal cases
- (3) Conduct an Extraordinary General Meeting for the purpose of establishing the appropriate corporate structure to execute the business expansion plans

F) Impact of Writ of Summons received from a supplier of Regal Motors Pte Ltd

On 18 June 2019, a WOS was filed by a supplier against Regal Motors, a 89.5%-owned subsidiary of the Company. The claim pertains to a contract between the supplier and Regal Motors entered into on or about 31 July 2014 and the alleged breach of contract obligations. The legal action has been withdrawn and Regal Motors is in the process of negotiating a settlement with the supplier. As the legal action has been withdrawn, the WOS will not have an impact on the financial position of the Group for the purpose of the assessment of going concern at the point of this announcement. As Regal Motors is in the active process of negotiating the final settlement, this matter may be considered as a contingent liability for disclosure purposes in the future. The Company will provide further updates on this matter in accordance with the developments of the settlement negotiation.

#### G) Impact of Writ of Summons received from Fuji Xerox Singapore Pte Ltd

As announced on 22 September 2019, the Company had on 9 September 2019 been served with a WOS, filed by Fuji Xerox in the State Courts of Singapore for a claim of S\$48,736.08. The Company is currently seeking legal advice on this matter and is also investigating further into the circumstances surrounding the rental arrangements for 2 photocopiers which form the subject matter of the Suit. The Company believes it can eventually settle with Fuji Xerox to restructure payment for the outstanding invoices over a longer period and pay the forward rental as it uses the photocopiers.

#### **CONCLUSION**

The Board of the Company is of the view that the Group is currently able to operate as a going concern in light of the current situation and based on concrete and definitive agreements as follows:

- Successful placement exercise of S\$550,000
- Affirmative legal action on potential recoveries up to S\$8,500,000, enabled by the receipt of Placement Proceeds to fund the legal action
- Detailed plan to manage Accounts Payable
- A clear and achievable business plan to achieve break-even cash flow within 5 months of the receipt of Placement Proceeds
- In-principle agreement with new investors for a further Placement Tranche of up to S\$1,000,000 subject to meeting certain operational milestones
- Appropriate action to manage WOS served against the Company and other Group entities

The going concern assessment is closely monitored by the Board of the Company and reassessed regularly when there are developments in the Group and/or when the circumstances disclosed in this announcement may have changed.

The Board is satisfied that all material matters necessary for shareholders to make informed decision and for the market to trade in an orderly and transparent manner have been released.

#### **TRADING CAUTION**

The Company will keep the shareholders informed on material developments in relation to the above key matters. In the meantime, shareholders are advised to exercise caution when dealing with the Company's securities. Shareholders should read all further announcements on this matter carefully and seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers should they have any doubt about the action that they should take.

#### **DIRECTORS' RESPONSIBILITY STATEMENTS**

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 Company and its subsidiaries (including the Group's ability to continue as a going concern) 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**

**Chia Siak Yan Vincent**  
Non-Executive Chairman  
and Independent Director

24 September 2019

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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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