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

RESPONSE TO SGX REGCO QUERIES ON 4 MAY 2020 ANNOUNCEMENT

The Board of Directors of Transcorp Holdings Limited (the "Company") would like to set out its responses to the queries raised by SGX RegCo pertaining to the unaudited FY2019 results of the Company in its 4 May 2020 announcement. This announcement should be read in conjunction with the 4 May 2020 announcement.

1. Why is the Cost of Sales higher than the Revenue? Please explain the business model.

   Company's Response:

   Some of the inventory were high-end vehicle models that were acquired at a premium. However, there was difficulty in selling these vehicles due to weak market conditions as well as a small target customer segment. As such these vehicles were sold at a loss.

   Certain of the vehicles sold during the year were older models which could only be sold at a discount. Higher storage and ancillary costs were also incurred due to the longer time it took to sell the vehicles

   The sales still made sense to the Company as while there was paper loss, these sales were necessary to generate positive cashflow into the Company. Clearing of the inventory also reduces certain costs (e.g. storage) going forward.

2. We note that the Company has not received the S$6 million refund of the deposit for the Dongshan Project, and hence was further impaired to S$2.1 million to reflect the fall in the value of the collateral held by the guarantor.

   The Company had announced last year that it was seeking advice from the lawyers in connection with possible actions pertaining to the deed of guarantee and share pledge provided by Ms Cheng Ming Ming and deed of guarantee provided by SG Royal.
   Please update the shareholders on what has been done to recover the S$6 million deposit for the Dongshan Project, including the validity of the deed of guarantees and share pledge.

   Company's Response:

A) The Company terminated the Dongshan Project MOU in 28 February 2019. It then followed up with a legal letter to Ms Cheng Ming Ming and the project company to demand the refund of the deposit dated 12 April 2019. This did not settle the matter of the deposit refund and hence the option left was for the Company to take affirmative legal action by commencing legal proceedings to recover the deposit refund. The Company was informed that the legal fees were estimated at between S$150,000 and S$200,000.

   The Company then sought to raise funds by entering into Placement Agreements on 20 July 2019 ("20 Jul 2019 Placement") to raise S$550,000. Part of the funds raised were earmarked for the initial legal fees with regards to the legal proceedings to recover the deposit. The long stop date of these Placement Agreements fell on 19 September 2019 and resulted in the lapsing of the 20 July 2019 Placement Agreements. The 20 July 2019 Placement Agreements did not receive the listing and quotation notice from SGX-ST.

The Company then entered into Placement Agreements on 24 September 2019 ("24 September 2019 Placement") with the same set of investors to raise S$ 550,000. Similarly, part of the funds to be raised were earmarked for the initial legal fees with regards to the legal proceedings to recover the deposit. The 24 September 2019 Placement Agreements received the listing and quotation notice from SGX-ST on 27 Nov 2019. However, in this listing and quotation notice, the Company was directed by SGX-ST to obtain shareholder approval at an EGM for the 24 September 2019 Placement. This was despite having a legal share issuance mandate that was in-force. As the Company was unable to raise funding specifically for this EGM to obtain shareholder approval for the 24 September 2019 Placement and it had received a claim of S$290,187.48 from Ace Financial Services Pte Ltd, the Company decided to let the 24 September 2019 Placement Agreements lapse at its extended long stop date of 31 December 2019.

The Company then entered into Placement Agreements on 28 February 2020 ("28 February 2020 Placement") with a different set of investors to raise S$495,000. As part of this Placement Agreement, the Company sent a letter of demand to Ms Cheng Ming Ming and the project company on 17 Feb 2020. However as mentioned in its 4 May 2020 general announcement, the Company was informed that SGX RegCo is of the view that its share issuance mandate has expired as of 29 Feb 2020 and with this expiry, it could not place out new shares even though the Placement Agreements were signed before the expiry of its share issuance mandate, despite an initial appeal being made by the Company. The Company will continue to appeal to SGX RegCo to obtain a special exemption for the Placement.

The Company is unable to commence legal proceedings to recover its deposit refund for the Dongshan Project because of the lack of funds in the Company to commence legal proceedings. It has attempted three Placements in the attempt to raise such funds.

The deeds of guarantee with Ms Cheng Ming Ming (of which the share pledge from Ms Cheng Ming Ming is part of) and SG Royal continue to be valid and do not have a timeframe in the documents with regards to enforcement.

3. The Company stated in its announcement that *"There continues to be no turnaround in the Group's automobile sales business. Strategic initiatives and plans by Management to revive this line of business did not produce their intended results and hence the remaining cars were returned to the financial institution."*
   (i) As the Group does not have any other ongoing business other than this automobile business, does this mean that the Company has no ongoing business currently?
   (ii) Please provide the Board's assessment on whether the Company is a cash company under Catalist Rule 1017. Please provide basis for assessment.

Company's Response:

(i) The Group continues to hold motor vehicle inventory amounting to $782,334 in carrying value as at 31 October 2019. The business activity pertains to these vehicles that are available for sale and the Group is still handling sales queries relating to these vehicles.

(ii) Catalist Rule ("CR") 1017 defines a "cash company" as a listed issuer whose assets "consist wholly or substantially of cash or short-dated securities". In the unaudited statement of financial position as at 31 October 2019, as set out in the Company's announcement on 4 May 2020, the cash balance of the Group and the Company is $10,443 and $714 respectively. Out of the total asset balance of approximately $4.4 million, these cash balances do not constitute a significant portion of total assets. The majority of the Group's assets comprise of "Trade & Other Receivables", "Other investment" and "Inventories".

On these circumstances, the Board is of the view that the definition of "cash company" as set out in CR1017 is not met. Regardless, the shares of the Company have been suspended from trading and the Board would like to reiterate that the Company is making every effort to raise funds through Share Placements as explained in the response to Query 2 above.

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 this announcement inter-alia the business model, the status of goodwill deposit for Dongshan, views on cash company, 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

Chia Siak Yan Vincent
Non-Executive Chairman and Independent Director
12 May 2020

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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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the 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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