



TRANSCORP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 27 April 1995)
(Company Registration Number: 199502905Z)

QUESTIONS AND ANSWERS DURING PRESENTATION AT THE ANNUAL GENERAL MEETING HELD ON 22 MARCH 2019

The board of directors (the “**Board**”) of Transcorp Holdings Limited (the “**Company**”) is pleased to set out the questions that were raised by shareholders and the answers provided at the Annual General Meeting (the “**AGM**”) of the Company held on 22 March 2019. This announcement should be read in relation to the announcement released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 22 March 2019 titled “Presentation at the Annual General Meeting held on 22 March 2019”.

- (1) Why there was high turnover of Directors and CFO and what was the search process for the recruitment of Directors and CFO?

A : The Company’s recruitment process has been affected by the Company’s current situation and developments and hence has been forthcoming with potential candidates about its current circumstances during the hiring process. However, this may not have been fully appreciated by the candidates. Currently, the search process is done through internal networks without the help of head hunters.

- (2) What is the performance of Motor Megamall and what was the Company’s internal process for evaluating this acquisition?

A: This 10% investment is doing well in terms of operational and profit numbers. Given that it is a start-up, it is already doing very well given that most other start-ups are still burning cash and not profitable. Hence after the review with our External Auditors, there was no impairment to this acquisition. This is a signal that our investment is doing well. The Company’s internal process for evaluating this acquisition included an investment paper which evaluated strategic, financial and legal aspects of this transaction.

In terms of Venture Capital valuation as per Venture Capital Association Guidelines. A venture investment can be held at cost unless there is a significant event such as fundraising at a higher or lower valuation. Hence, the valuation of Motor Megamall is in line with these guidelines.

- (3a) Elaboration on the reason of terminating the MOU for Dongshan project in February 2019 and the steps to be taken by the Board to recover the deposit of S\$6 million (including whether legal action will be taken and what to do with the shares charge).

- (3b) Response to why a loan with interest bearing was not extended for the Dongshan, which could enable the Company to earn some interest over the course of one year.

A: The Company felt that the market outlook for the real estate market in China has changed for the worse when comparing October 2017 to February 2019. Also, there were changes in the Management of the Company whereby previously there was real estate development expertise and currently there are none. This is attributed to a cost cutting exercise that was carried out previously. This was part of the consideration to terminate the Dongshan MOU.

The Company has already engaged a lawyer to handle the termination for the Dongshan MOU. The Company will take all necessary steps to recover the refundable deposit of S\$6

million and if that does not happen, then the Company will call on the share charges and guarantees for the refundable deposit. The Company also responded to why a loan was not extended instead of the refundable deposit. This loan would still be considered an IPT and be subject to shareholders' approval at an AGM.

(*Note: For clarification, on Slide 8 of the Presentation at the AGM held on 22 March 2019, the Security for the Recovery of the Dongshan deposits should include the share charge of Ms Cheng Mingming's shares in the Company which is part of her deed of guarantee as well as deed of guarantee from SG Royal)

- (4) What is the arrangement for the repayments on the Car Profile deposits? Why is Mr Goh Chin Soon paying for these and providing letter of undertaking for the replacement?

A: The Company has following-up on these payments and the next deadline for Car Profile to revert with the repayment schedule is 25 March 2019. Mr Goh is providing the letter of undertaking and paying for these because he felt that he wanted to make up for a decision made by Management at that point in time. This in no way establishes any relationship between Mr Goh and Car Profile. It has also been confirmed that Mr Goh has no direct relationship with Car Profile.

- (5) Does the Company still require the employment of Ms Cheng Mingming and Madam Chu Wanzhen as consultants? Note that these are IPTs.

A: The consultancy agreements with Cheng Ming Ming and Chu Wan Zhen have been terminated in September 2018 and October 2018 respectively.

- (6) Elaboration on basis of impairment made for deposits for Dongshan.

A: The guarantee for Dongshan deposit was made up of a Deed of Guarantee and Pledge on Ms Cheng Mingming and a Deed of Guarantee on SG Royal Pte Ltd. We take the basis of recoverability on the market value of the Company's shares. These shares have a market value and hence had to be impaired as the Company's share price declined. If and when the Company recover the deposit, these impairments can be written back into the accounts.

- (7) Explanation on impairment made for inventories.

A: The Company's inventories comprise of motor cars. These have a market value which have to be assessed at the end of each financial year. Unfortunately in this industry, the value of cars decreases over time.

- (8a) Explanation on impairment made for Regal Motors and the relation to its PPA exercise.

- (8b) Comment generally that the focus is to monetarise the cars held by Regal Motors, and concentrate on leasing to be operated by Stallion Auto.

A: There was further impairment on goodwill this financial year relating to the inventories as a result of the PPA exercise post-Regal Motors's acquisition. This amount has been full written off. The current focus is to monetise the cars held by Regal Motors by selling these. The turnaround strategy articulated by the Company was to focus and grow the automobile leasing business operated under Stallion Auto.

- (9) Nature of the transaction which was subject to the claim by Ace Financial.

A: There was a recent legal letter from Ace Financial seeking damages on a car that was sold to Ace Financial by Regal Motors. Ace Financial then arranged a hire purchase from the bank

for the buyer of the car. The Company felt that it was important to settle the amount to close the legal matter. This amount was financed by the sale of the car to a third party. Currently the Company is investigating this transaction internally as to the disclosure of the transaction internally and the appropriateness of the transaction documentation. The Company will make further announcements (if required) after the conclusion of the investigation.

(10) For new investment or acquisitions, how does the Board perform due diligence?

A: Since and including the investment in Motor Megamall, the Company has an internal process to evaluate and justify new investments or acquisitions to the Board. Management will evaluate strategic, operational, financial and legal considerations and aspects of the new investment or acquisition and then put this up to the Board for approval in the form of an investment paper.

BY ORDER OF THE BOARD

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

24 March 2019

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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