TRANSCORP HOLDINGS LIMITED

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

RESPONSE TO SGX-ST QUERIES ON TRANSACTIONS WITH AN INTERESTED PERSON TO PARTICIPATE IN A PROPERTY DEVELOPMENT PROJECT IN DONGSHAN

*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the announcements dated 31 October 2017, 13 March 2018, 20 April 2018, 17 December 2018, 31 January 2019 and 28 February 2019 (collectively referred to herein as "**Announcements**").*

The board of directors (the "**Board**") of Transcorp Holdings Limited ("**Transcorp**" or the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to set out its responses to the queries raised by the Singapore Exchange Regulation on 19 December 2018, 31 December 2018, 17 January 2019, 22 January 2019, 1 February 2019 and 20 February 2019 on the announcement in relation to the entry into a MOU with an interested person to participate in a property development project in Dongshan released on 31 October 2017. The responses were provided from December 2018 to February 2019 and hence dates and context are subject to timing. Also all material developments as well as the Company's future plans will be communicated to shareholders and discussed at our Annual General Meeting on 22 March 2019, as instructed by the Singapore Exchange Regulation.

Series of Queries 1

Are there any third-party confirmations (e.g. bank statement) obtained by the Company with regard to the written confirmation from Cheng Ming Ming affirming the continued existence of the refundable deposit? If not, why not?

A: Given that we have not completed the transaction, the Board felt at that point in time, it was appropriate just to have written confirmation.

Please explain why the Board felt that it was appropriate just to have a written confirmation, especially given that the transaction has yet to be completed and the deposit amount is significant.

A: We still have not completed the transaction. As such we are still legally not part of the project. Also we have a refundable deposit structure. Hence we felt that this was the appropriate level of confirmation.

Does the Board feel that at this point in time that a written confirmation from Cheng Ming Ming would suffice? Or are the Board intending to obtain more assurance on the refundable deposit?

A: The refundable deposit is fully guaranteed. We are not sure what additional assurance we can obtain above a full guarantee.

Series of Queries 2

The announcement states that "it was onerous to perform a share charge on 100% of a local Chinese". Should it be "100% of the shares of a Chinese company i.e. the Project Company"?

A: Yes.

Please elaborate why did the local lawyer advised that it was "onerous" to perform a share charge on 100% of the shares in the Project Company?

A: This is because of the difficulty of recoverability of the guarantee from the local Chinese company.

The fact is that the Company provided a significant 'deposit' despite it being just an MOU. Please provide the Board's assessment on whether the Board and its directors have acted in the best interest of the Company and its shareholders.

A: The entering into the property business was to provide some profitability to the company which has been suffering from the downturn in the automobile sales business. This was a commercial decision that the Board at that point in time felt was viable and in the best interest of the Company and its shareholders. This was a commercial decision made by Management then. In commercial terms, it is willing buyer willing seller. The deposit then was in good faith to secure a MOU.

Is the "local" lawyer referring to a law firm in Singapore?

A: Yes.

Please elaborate the terms of the deed of guarantee from SG Royal Pte Ltd and the effect of the deed of guarantee.

A: Please see an excerpt of the Deed of Guarantee. This Deed will guarantee any outstanding amount if any after taking into account CMM's Share Pledge.

(a) SG Royal Pte Ltd ("SG Royal") guarantees to the Transcorp Holdings Limited ("Transcorp") the due and punctual payment by DongShan Dibao Property Co Ltd ("DDP") of the Secured in accordance with the MOU; The Secured amount specifically refers to the refundable deposit.

(b) SG Royal undertakes to the Transcorp that, if and each time that DDP does not make full and punctual payment of any amount of the Secured Amount in accordance with the MOU, SG Royal shall immediately upon written demand by Transcorp pay that amount to the Transcorp, as if SG Royal were the primary obligor under the MOU; and

(c) SG Royal undertakes to pay any accrued interest and any costs, charges, expenses and disbursements which Transcorp may incur in enforcing or preserving its rights under, or seeking to enforce or preserve its rights under this Deed or otherwise due under this Deed.

Series of Queries 3

Has the Board assessed whether the refund of the deposit would be satisfactorily secured based on the share charge of CMM and deed of guarantee obtained? Please provide the Board's assessment on the adequacy of the securities in relation to the refundable deposit.

A: We will need to reassess this with the new members of the Board and the current situation. (Perspective: This was in the light of new appointments to the Board from October 2018 to January 2019.)

What is the current Board's assessment?

A: The level of adequacy was obtained from the value of shareholdings of the project owner, CMM and the NTA of SG Royal which provided a blanket guarantee to support the project owner's share guarantee.

Is the 'project owner' here referring to CMM or the Project Company? If the 'project owner' is referring to CMM, to clarify, does the Company mean that based on the (i) value of the Company's shareholdings held by CMM (in assessing the adequacy of CMM's share charge) and (ii) the net tangible assets of SG Royal (in assessing the adequacy of the deed of guarantee from SG Royal, of which SG Royal will guarantee any outstanding amount after taking into account CMM's share pledge for the recoverability of the refundable deposit), the Board have assessed that this was adequate to secure the refundable deposit? Has the Company performed necessary due diligence to obtain assurance that SG Royal has the financial capabilities to provide the deed of guarantee?

A: CMM is the project owner. Yes we have evaluated (i) and (ii) to assess the adequacy to secure the refundable deposit. On SG Royal, we have reviewed SG Royal's latest financial statements.

We would like the Board's confirmation as to whether the security for the refundable deposit is adequate.

A: At that point in time, the Board felt that it was adequate.

Series of Queries 4

What is SG Royal Pte Ltd's involvement in this Project?

A: No involvement.

If no involvement, why is SG Royal Pte Ltd providing the deed of guarantee?

A: From, our understanding, to make the project work.

We understand that the Project Company's sole shareholder is Cheng Ming Ming. Who is/are the shareholder(s) of SG Royal Pte Ltd?

A: Mdm Chu Wan Zhen is the sole Shareholder

Please confirm whether Mdm Chu Wan Zhen and/or SG Royal Pte Ltd is related to Cheng Ming Ming and/or the Project Company.

A: From the current board's view, we were not informed of any relation between the said parties.

Did the current board seek confirmation from the various parties as to whether they are related:
i. Madam Chu Wan Zhen
ii. SG Royal Pte Ltd
iii. Cheng Ming Ming
iv. Project Company

A: We note that CWZ and CMM are not new shareholders of Transcorp. They have been existing shareholders in Transcorp for a few years and it had been ascertained that there was no direct relationship between CWZ and CMM. SG Royale and the Project Company are 100% owned respectively. Hence given no new information, I think it is fair to assume that there continues to be no direct relationship between CWZ and CMM.

Series of Queries 5

Noted in the Company's announcement dated 31 Jan 2019 that the Board is in the midst of reviewing the project and is facing some 'hurdles' in ascertaining the potential 'risk and benefits' of this project. Please elaborate what are the (i) 'hurdles' and (ii) 'risk and (iii) benefits'.

A: We are re-evaluating the risks and returns of the project,. There are concerns if the project is as viable today as it was when we first entered into the MOU. The following below elaborates the hurdles, risk and benefits:

Hurdles

- Lack of knowledge in this industry
- Lack of manpower resources
- Lack of financial resources
- Current immediate focus has been on completion of AR

Potential Risk

- Currency fluctuation
- Unknown and untapped region
- Uncertainty in regulations and economic outlook

Potential benefits

- Strong returns

BY ORDER OF THE BOARD

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

21 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.

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