TRANSCORP HOLDINGS LIMITED

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

1 MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

2 IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

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 and 31 January 2019.

1 MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

The board of directors (the "**Board**") of Transcorp Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's unaudited full year financial statements and dividend announcement for the financial year ended 31 October 2018 ("**FY2018**") released via SGXNet on 30 December 2018 (the "**Preliminary Unaudited Results FY2018**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board wishes to announce and clarify certain material variances to the Preliminary Unaudited Results FY2018 following the finalisation of the audit by the Company's external auditors, Messrs Baker Tilly TFW LLP. The details and explanations of the material variances are set out in Appendix A as annexed hereto.

2 IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

(a) Advance deposits to a supplier (the "Advance Deposits")

The Advance Deposits were paid to a supplier for the supply of motor vehicles pursuant to an agreement with the said supplier (the "**Supplier**").

The Advance Deposit is secured by letters of undertaking from a deemed shareholder of the Company (being the former Executive Chairman of the Company and spouse of a controlling shareholder of the Company) (the "**Deemed Shareholder**") and the owner of the Supplier.

The total balance of Advance Deposits amounted to $2,785,471 and during FY2018, $2,695,471 of impairment on Advance Deposits was recognised in the Group's and the Company's profit or loss as refund was not forthcoming. Hence, as at 31 October 2018, the net balance of Advance Deposits (after impairment) amounted to $90,000, which was collected subsequent to FY2018.

Though impairment is made in the Group's audited financial statements for FY2018, the Board is of the view that the Group's legal position and rights with regard to the Advance Deposits is not compromised.

On 5 March 2019, the Company announced that Regal Motors Pte. Ltd. ("**Regal Motors**"), the contracting party to the agreement with the Supplier, issued a notice of demand to seek full recovery of the remaining Advance Deposits as at 4 March 2019 (the "**Refund**") within seven days from 4 March 2019; failing which, Regal Motors will commence a legal action against the Supplier so as to recover the remaining Advance Deposits and any associated legal cost. Please refer to the announcement relating to "Issuance of Notice of Demand to a Supplier" dated 5 March 2019 for details pertaining to the Advance Deposits released to the SGX-ST prior to this announcement.

In the event that the Refund is not forthcoming, the Board will undertake various actions, including but not limited to seeking legal advices, legal recourse against the Supplier and/or call on the letters of undertaking from the Deemed Shareholder and the shareholder of the Supplier so as to recover the Refund.

(b) Refundable deposits – related party (the "Refundable Deposit")

The Refundable Deposit comprises deposit placed with the Project Company, incorporated in the People's Republic of China, for a property development project.

Under the MOU dated 31 October 2017, the Company shall be granted the exclusive right but not the obligation to participate up to an interest of 51% in the Project, whether by way of subscription of new shares in the Project Company, entering into a funding and management contract with the Project Company, or via a combination of any of the aforesaid structures (the "**Proposed Transaction**"). The Company has paid the Project Company a sum of $6,003,000 as good faith deposit upon signing of the MOU.

During FY2018, the Company obtained an undertaking to provide a share charge on 64,703,400 shares in the Company held by Cheng Ming Ming ("**CMM**"), a controlling shareholder of the Company (being the shareholder of the Project Company), which is valued at $776,441 as at balance sheet date (the "**Share Charge Undertaking**"), and a deed of guarantee (the "**Deed**"), for a sum of up to $6,003,000 and any interest that may be accrued, costs, charges, expenses and disbursement that the Company may incur to preserve its rights or seeking to enforce to preserve its rights under the Deed or otherwise due under the Deed, from SG Royal Group Pte. Ltd., being another controlling shareholder of the Company.

The total Refundable Deposit paid amounted to $6,003,000, during FY2018, $3,275,811 of impairment was recognised in the Group's and the Company's profit or loss for the estimated amount with uncertainty over its recoverability after considering the cash flows that are expected to be received by the Company with respect to the Refundable Deposit. Hence, the net balance after impairment amounted to $2,727,189.

The impairment of $3,275,811 was estimated by Management based on the worst case scenario whereby the refund of $6,003,000 ("**Full Refund**") is not forthcoming and the estimated cash flows that may arise from the Company's call on the Share Charge Undertaking, the Deed and the net off of $1,373,993 of non-current payable as at 31 October 2018, for the acquisition of Regal Motors, to the controlling shareholder providing the Share Charge Undertaking (the "**Non-Current Payables**").

On 31 January 2019, the Company announced that (i) the Board is in the midst of reviewing the Proposed Transaction and is facing some hurdles in ascertaining its potential risks and benefits; and (ii) on 29 January 2019, the MOU was extended for one month and shall expire on 28 February 2019.
On 28 February 2019, the Company announced that it has written to the Project Company and CMM, being a controlling shareholder of the Company and shareholder of the Project Company, to give the required one month notice to terminate the MOU and has requested the Full Refund of the Refundable Deposit by 31 March 2019.

Though impairment is being made in the Group's and the Company's audited financial statements for FY2018, the Board is of the view that the Group's and the Company's legal position and rights with regard to the Refundable Deposit is not compromised.

In the event that the Full Refund is not made, the Board will undertake various actions, including but not limited to seeking legal advices, legal recourse against the Project Company, and/or call on the Share Charge Undertaking, and/or call on the Deed; and/or net off of Non-Current Payables.

The Company will make further disclosures in a separate announcement to provide an update with regard to the Advance Deposits and Refundable Deposit when there is material development.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

BY ORDER OF THE BOARD

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

6 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.

The contact person for the Sponsor is Mr. Liau H. K.
Telephone number: 6221 0271

Appendix A

(i) Consolidated Statement of Comprehensive Income For FY2018

Group	Preliminary Unaudited Results FY2018 $	Audited Results $	Variances $	Note
Revenue	3,819,536	3,819,536	-	
Cost of sales	(5,617,329)	(5,617,329)	-	
Gross loss	(1,797,793)	(1,797,793)	-	
Other income	46,241	46,241	-	
Administrative expenses	(4,155,847)	(4,179,438)	(23,591)	1
Finance cost	(217,736)	(217,736)	-	
Other operating expenses	(1,675,049)	(7,748,779)	(6,073,730)	2
Loss before tax	(7,800,184)	(13,897,505)	(6,097,321)	
Income tax credit	139,754	139,754	-	
-current	48	48	-	
-Deferred	139,706	139,706	-	
Loss for the financial year and total comprehensive loss for the financial year	**(7,660,430)**	**(13,757,751)**	**(6,097,321)**	
Total comprehensive loss attriubutable to:				
Equity holders of the Company	(7,222,022)	(13,057,626)	(5,835,604)	
Non-controlling interest	(438,408)	(700,125)	(261,717)	3
	(7,660,430)	**(13,757,751)**	**(6,097,321)**	

Notes

1 Adjustment to correct accounting errors in recording of inventories.

2 The variance pertains to the following:

(a) an additional $102,448 of inventories written down to net realisable value based on subsequent sale price;

(b) $2,695,471 of impairment on the Advance Deposits as refund was not forthcoming. The carrying value of the Advance Deposit after impairment amounted to $90,000, which was collected subsequent to the end of FY2018; and

(c) during FY2018, $3,275,811 of impairment was recognised in the Group's and the Company's profit or loss for the estimated amount with uncertainty over its recoverability after considering the cash flows that are expected to be received by the Company with respect to the Refundable Deposit placed with the Project Company.

3 The Non-Controlling Interest's ("**NCI**") share of total comprehensive loss increased by $261,717 due largely to the impairment of the Advance Deposits made in the books of the 89.5% owned subsidiary, Regal Motors (see Note 2(b) above).

(ii) Group – Consolidated Balance Sheet As At 31 October 2018

Group	Preliminary Unaudited Results FY2018 $	Audited Results $	Variances $	Note
Non-current assets				
Property, plant and equipment	3,057,071	3,057,071	-	
Available-for-sale financial asset	1,500,000	1,500,000	-	
Total non-current assets	4,557,071	4,557,071	-	
Current assets				
Inventories	2,018,740	1,892,701	(126,039)	**4**
Trade and other receivables	8,990,114	3,030,228	(5,959,886)	**5**
Prepayments	99,154	99,154	-	
Cash and cash equivalent	27,786	19,542	(8,244)	**6**
Total current assets	11,135,794	5,041,625	(6,094,169)	
Total Assets	15,692,865	9,598,696	(6,094,169)	
Non-current liabilities				
Trade and other payables	1,373,993	1,373,993	-	
Finance lease liabilities	2,260,496	2,293,857	33,361	**7**
Total non-current liabilities	3,634,489	3,667,850	33,361	
Current liabilities				
Trade and other payables	1,646,528	1,649,680	3,152	**8**
Finance lease liabilities	522,597	489,236	(33,361)	**7**
Total current liabilities	2,169,125	2,138,916	(30,209)	
Total liabilities	5,803,614	5,806,766	3,152	
Net assets	**9,889,251**	**3,791,930**	**(6,097,321)**	
Equity				
Share capital	28,667,767	28,667,767	-	
Accumulated losses	(18,838,818)	(24,684,704)	(5,845,886)	**9**
	9,828,949	3,983,063	(5,845,886)	
Non-controlling interest	60,302	(191,133)	(251,435)	**10**
Total equity	**9,889,251**	**3,791,930**	**(6,097,321)**	

Notes

4 Inventories reduced by $126,039 as explained in Notes 1 and 2(a).

5 Trade and other receivables reduced by $5,959,886 due to the following:

(a) $5,971,282 of the reduction as explained to Notes 2(b) and 2(c) above; and

(b) $11,396 increase in other receivables due to the reclassification of an account mistakenly grouped as cash and cash equivalent during the consolidation process.

6 Cash and cash equivalent reduced by $8,244 due to the following:

(a) $3,152 increase was due to the reclassification of unpresented cheques to trade and other payables; and

(b) $11,396 reduction as explained in Note 5(b) above.

7 Due to the reclassification of $33,361 of non-current finance lease liabilities to current finance lease liabilities.

8 The $3,152 increase in trade and other payables as explained in Note 6(a) above.

9 The $5,845,886 increase in accumulated losses was due to the following:

(a) out of the $6,097,321 of additional charges to the consolidated statement of comprehensive income is as explained in item (i) above, $5,835,604 was borne by equity holders of the Company; and

(b) $10,282 of accumulated losses previously borne by NCI was transferred via the Group's statement of changes in equity when the Company subscribed for additional shares in its subsidiary which results in a 1% dilution in the effective interest of NCI.

10 NCI share of the liabilities of the Group increased by $251,435 due to the following:

(a) $261,717 share of FY2018 losses as explained in Note 3 above; and

(b) $10,282 reduction in NCI share of accumulated losses as explained in Note 9(b) above.

(iii) Company – Balance Sheet As At 31 October 2018

Company	Preliminary Unaudited Results FY2018 $	Audited Results $	Variances $	Note
Non-current assets				
Property, plant and equipment	57,501	57,501	-	
Investment in subsidiaries	3,002,936	1,584,600	(1,418,336)	**11**
Available-for-sale financial asset	1,500,000	1,500,000	-	
Total non-current assets	4,560,437	3,142,101	(1,418,336)	
Current assets				
Inventories	-	-	-	
Trade and other receivables	11,224,777	5,901,330	(5,323,447)	**12**
Prepayments	7,796	7,796	-	
Cash and cash equivalent	5,563	5,563	-	
Total current assets	11,238,136	5,914,689	(5,323,447)	
Total Assets	15,798,573	9,056,790	(6,741,783)	
Non-current liabily				
Trade and other payables	1,373,993	1,373,993	-	
Current liability				
Total current liabilities	2,616,669	2,616,669	-	
Total liabilities	3,990,662	3,990,662	-	
Net assets	**11,807,911**	**5,066,128**	**(6,741,783)**	
Equity				
Share capital	28,667,767	28,667,767	-	
Accumulated losses	(16,859,856)	(23,601,639)	(6,741,783)	**13**
	11,807,911	5,066,128	(6,741,783)	
Non-controlling interest	-	-	-	
Total equity	**11,807,911**	**5,066,128**	**(6,741,783)**	

Notes

11 Investment is subsidiaries reduced by $1,418,336 due to additional impairment recognised in the Company's profit or loss based on fair value less cost to sell. This was largely attributable to that as explained in Note 2(b). This amount was eliminated on consolidation and has no effect on the Group's results.

12 Trade and other receivables reduced by $5,323,447 due to the following:

(a) $3,275,811 of impairment in Refundable Deposit as explained in Note 2(c) above; and

(b) $2,047,636 of impairment in receivable from subsidiaries was recognised in the Company's profit or loss. This amount is eliminated on consolidation and has no effect on the Group's results.

13 Accumulated losses increased by $6,741,783 as explained in Notes 11 and 12 above.

(iv) Consolidated Statement Of Cash Flows For FY2018

Group	Preliminary Unaudited Results FY2018 $	Audited Results $	Variances $	Note
Cash flows from Operating activities				
Loss before tax	(7,800,184)	(13,897,505)	6,097,321	**14**
Adjustments for:				
Finance costs	217,736	217,736	-	
Property, plant and equipment written off	179,917	179,917	-	
Write down of inventories to net realisable value	1,495,132	1,597,580	(102,448)	**15**
Loss on disposal of property, plant and equipment	125,153	125,153	-	
Depreciation of property, plant and equipment	568,677	568,677	-	
Impairment in trade and other receivables	-	5,971,282	(5,971,282)	**16**
Operating cash flows before changes in working capital	(5,213,569)	(5,237,160)	23,591	
Decrease in trade and other receivables	1,273,616	1,262,220	11,396	**17**
Decrease in prepayments	23,308	23,308	-	
Decrease in inventories	2,874,768	1,892,627	982,141	**18**
Increase/(Decrease) in trade and other payables	98,285	(261,847)	360,132	**19**
Cash used in operations	(943,592)	(2,320,852)	1,377,260	
Income tax paid	(173,753)	(173,753)	-	
Net cash used in operating activities	**(1,117,345)**	**(2,494,605)**	**1,377,260**	
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,030,645)	(24,912)	(1,005,733)	**20**
Proceeds from disposal of property, plant and equipment	719,499	719,498	1	
Net cash (used in)/generated from investing activities	**(311,146)**	**694,586**	**(1,005,732)**	
Cash flows from financing activities				
Financing from finance lease liabilities	1,631,866	1,631,866	-	
Advances from shareholders	-	83,682	(83,682)	**21**
Interest paid	(444,492)	(164,890)	(279,602)	**22**
Net cash generated from financing activities	**1,187,374**	**1,550,658**	**(363,284)**	
Net decrease in cash and cash equivalents	(241,117)	(249,361)	(8,244)	**23**
Cash and cash equivalents at beginning of financial year	268,903	268,903	-	
Cash and cash equivalents at end of financial year	**27,786**	**19,542**	**(8,244)**	

Notes

14 Loss before income tax increased by $6,097,321 as explained in Notes 1 and 2 above.

15 Write down of inventories increased by $102,448 as explained in Note 2(a) above.

16 Impairment in trade and other receivables increased by $5,971,282 as explained in Notes 2(b) and 2(c) above.

17 Cash flows from changes in trade and other receivables decreased by $11,369 as explained in Note 5(b) above.

18 Cash flows from changes in inventories decreased by $982,141 due to:

(a) during FY2018, a subsidiary, Regal Motors sold a motor vehicle for $2,925,000 to another subsidiary, Stallion Auto Pte. Ltd. ("**Stallion Auto**"). Regal Motors recorded the motor vehicle as inventories while Stallion Auto recorded the motor vehicle as property, plant and equipment due to the difference in business models. After elimination of intragroup profit amounting to $1,919,268, the net amount of $1,005,732 was presented as "Reclassification from inventories" in the Property, Plant and Equipment Note in the audited financial statements.

From the Group's perspective, in essence the $1,005,732 is a reclassification from inventory to property, plant and equipment. Hence, it is a non-cash item and was adjusted upon the finalisation of the audited financial statements which resulted in a decrease of $1,005,732; and

(b) as explained in Note 1 above, the $1,005,732 of decrease was partly offset by $23,591 resulting in a net decrease of $982,141.

19 Cash from changes in trade and other payables as presented in the Preliminary Unaudited Results FY2018 was an inflow of $98,285 while that in the audited statement of cash flows was an outflow of $261,847. The difference of $360,132 was due to:

(a) an adjustment of accrued interest amounting to $279,602 was wrongly made in the cash flow working during the preparation of the Preliminary Unaudited Results FY2018. This was corrected during the preparation of the audited statement of cash flows resulting in an outflow of $279,602;

(b) the presentation of the $83,682 net movement in advances from shareholders under "cash flows from financing activities" which resulted in an outflow of $83,682; and

(c) the total outflow as explained in 19(a) and 19(b) above amounted to $363,284 was partly offset by $3,152 as explained in Note 8 above resulting in a difference of $360,132.

20 Cash flow used in the purchase of property, plant and equipment decreased by $1,005,733 as explained in Note 18(a) above.

21 Cash flow from advances from shareholders increased by $83,682 as explained in Note 19(b) above.

22 Interest paid decreased by $279,602 as explained in 19(a) above.

23 Cash and cash equivalent decreased by $8,244 as explained in Note 6 above.