TRANSCORP HOLDINGS LIMITED

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

RESPONSE TO SGX-ST QUERIES ON 21 MAY 2019 ANNOUNCEMENT

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 the announcement in relation to various issues made on 21 May 2019.

Update on Termination of the MOU relating to the Dongshan Project

1. The announcement states that a letter of demand of 12 April 2019 was issued to Ms Cheng Ming Ming. Was this in relation to the deed of guarantee and share pledge provided by Ms Cheng Ming Ming?

A : Yes

2. Given the lack of acceptable repayment proposal, did the Company pursue any actions against the Project Company directly? If not, why not?

A: Yes the Company is pursuing actions against Ms Cheng Ming Ming and the Project Company. This is part of the affirmative legal action that the Company is pursuing to recover the refundable deposit or the underlying guarantee. The discussion with the lawyers is ongoing and the writ of summons and court documents are in the process of being drafted.

3. Given the lack of acceptable repayment proposal, did the Company pursue any actions against SG Royal which provided a deed of guarantee? If not, why not?

A: Yes the action against SG Royal will be part of the action against Ms Cheng Ming Ming and the Project Company.

Update on the Issuance of Notice of Demand to a Supplier

4. Please confirm the Supplier is Car Profile.

A: Confirmed

5. The announcement dated 5 March 2019 on 'Issuance of Notice of Demand to a Supplier' stated that the Advance Deposits are 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) i.e. Mr Goh Chin Soon and the owner of the Supplier. Given the lack of acceptable repayment proposal, did the Company pursue any actions against (i) the deemed shareholder and/or (ii) the owner of the Supplier in relation to the letters of undertaking provided? If not, why not?

A: Yes, the Company is taking affirmative legal action against Car Profile and Mr Goh Chin Soon. The discussion with the lawyers is ongoing and the writ of summons and court documents are in the process of being drafted.

Update on Receipt of Legal Letter

6. Please elaborate on all the irregularities that have been identified in this incident.

A: The signature on the supporting documents for the Hire Purchase Loan was allegedly forged and the circumstances around its approval are not clear. The car was placed in a Floor Stock Arrangement and could thus be sold by the company that had provided the floor stock arrangement. In the arrangement of the hire purchase loan, supporting documents were provided by Regal Motors. We have an allegation that the customer's signature on this document was forged but we have no way of ascertaining this. Hence we have made a police report. The Manager's signature was also not identifiable. That leaves the staff's signature on the document. Hence we have taken action against the staff. After our investigation, we have thus concluded that this was the cause of what had happened. The irregularities include the alleged forgery of the signature as well as the fact that the supporting documents were generated without the approval of the manager.

7. Why was the Group required to pay S$292,468.88 to Ace Financial?

A: This was to buy back the car from Ace Financial which had paid off the Hire Purchase Agreement when the Hire Purchase Agreement was cancelled by Maybank. The car was then sold on another third party customer at the same price.

8. Who is the customer.

A: Maybank's customer was Madam Chu Wanzhen.

9. What was the disciplinary action taken against the staff and the basis for the disciplinary action?

A: The staff was given a letter of warning for not following internal procedures in the preparation of the supporting documents mentioned in the replies to question 6. This was for the generation of the supporting documents without the approval of the manager.

10. Please provide the Board's assessment on the adequacy of internal controls in the Group.

A: The Board's assessment of internal controls from the operational point of view is that it is not optimal as we do not have a CFO/FC currently. The Company has hired a Manager (Finance). It is hoped that his appointment will enhance the internal controls.

11. Has the Company enhanced its internal controls to prevent recurrence of similar incident going forward? Please elaborate.

A: The Company has hired a Manager (Finance). It is hoped that his appointment will enhance the internal controls. Internal controls though cannot prevent fraud through collusion.

12. Please confirm whether the transaction(s) were accurately reflected in the financial results of the Group.

A: Confirmed.

13. The Board to assess whether trading in the Company's securities can still continue. Is there clarity on the state of affairs in the Group? Is there going concern issues? To provide justifications.

A: The going concern assessment that the Board has discussed is made up of three parts. The first part is our Auditor's opinion in the full year FY2018 financial statements. Technically, this opinion is for a 12 month period. The second part is our two legal suits relating to the Dongshan Project and the Notice of Demand to a Supplier. The chances of winning these two legal suits are currently reasonable to good. The third part is about the Company's plans going forward

and its projections of cashflow and its payables. The Company is currently in advanced discussions with investors on a fundraising exercise. If this exercise can be completed by the end of June 2019, the Board's assessment is that we will not have a going concern issue.

14. Given the various matters developing in the Group, please provide the Board's assessment on whether there is a need to commission an independent review to ascertain what had happened and provide clarity to shareholders. To provide justifications.

A: The Board will look into an independent review into its internal controls. The agreed timing for this would be after the release of the Company's 1H results by mid June 2019. The Company has already started sourcing for service providers.

BY ORDER OF THE BOARD

Chia Siak Yan Vincent
Non-Executive Chairman and Independent Director

4 June 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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