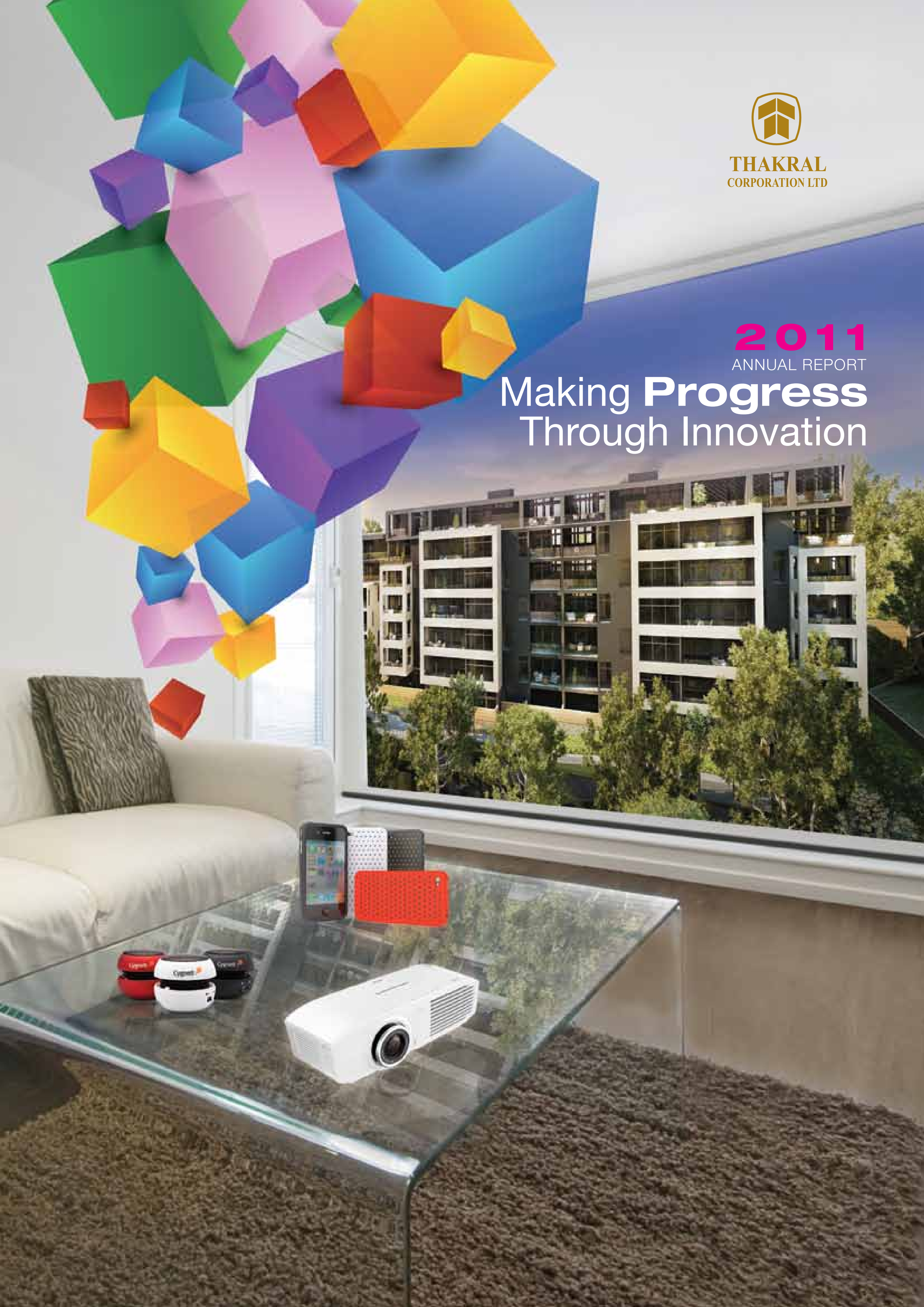
THAKRAL
CORPORATION LTD

2011 ANNUAL REPORT

Making **Progress** Through Innovation



Contents

The Group is constantly evolving to meet the demands and **opportunities** of the fast-changing global business environment by creating innovative ways of doing business and effective talent management.

Corporate Profile

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd is in the consumer electronics distribution business and strategic property and equity investments.

Presently, China (including Hong Kong) and other Southeast Asian countries are the Group's key markets for its consumer electronics distribution business. Under its extensive consumer brand portfolio are global names such as Apple, Canon, Casio, Fuji, Hewlett-Packard, Lenovo, Nikon, Nokia, Orion, Panasonic, Samsung and Sony. The Group has also taken up new brands such as Altec Lansing, Belkin, Built, Cygnett, Logic3, Moshi Moshi, Scott, Skullcandy and SwitchEasy.

The Group also markets and distributes trendy consumer electronics products under its own proprietary brand "YES".

The Group invests in real estate and other investment opportunities as part of its overall business strategy. The Group has been the cornerstone investor on investment opportunities originated through its investment subsidiary together with co-investors.

Principal Businesses

Distribution

- Thakral China Ltd
  Shanghai, PRC
- Thakral Corporation (HK) Limited, Hong Kong
- Thakral Brothers Limited
  Osaka, Japan
- Singapore Sourcing & Technology Pvt Ltd
  Noida, India

Real Estate Investments

- TCAP Pte Ltd and Thakral Pan Asia Property Holdings Pte Ltd, Singapore
- TCAP Australia Pty Ltd and TCL Properties Pty Ltd, Sydney and Melbourne, Australia
- Thakral Holdings Group, Australia
- Wujiang Dafa Real Estate Development Co Ltd
  Wujiang, PRC

Our Network

In the face of today's dynamic and fast-paced business environment, an organization should have the strengths to be able to keep up with the trends, identify and embrace opportunities and attain stability and sustainability. Thakral is well-positioned to do so, by leveraging on its extensive portfolio and vast distribution network in the Asia Pacific as well as its growing real estate capital partnership activities in Australia to achieve greater success.

Embracing opportunities in a fast-changing world

Chairman's Statement

Over the past years, we have adopted innovative strategies to deliver better results to shareholders. Our improved results demonstrates the success of these strategies, which will lead to sustainable growth.

Making Progress through Innovation

Dear Shareholders,

It is my pleasure to report a year of satisfactory performance for the Group as we weathered the impact of the Japanese earthquake and tsunami as well as the European financial crisis.

Despite a reduction in overall turnover during the financial year ended December 31, 2011 ("FY2011") to S$363.7 million, the Group recorded an operating profit of S$12.6 million in FY2011, up 119% over S$5.8 million in the financial year ended December 31, 2010 ("FY2010").

Our profit before tax which includes higher finance cost and foreign exchange loss was S$12.1 million in FY2011. This is 15% higher than the figure of S$10.5 million which excludes the one off gain of S$28.7 million on disposal of the Gateway Distriparks Limited ("GDL") investment in FY2010.

The Group's gross profit margin for FY2011 also reached a high of 10.6% in FY2011 up from 5.9% in FY2010.

The increased share of non-controlling interests saw the profit attributable to shareholders reduce marginally to S$8.3 million from S$8.8 million in the year before. As a result, Group Earnings Per Share for the year under review of 0.32 cent was slightly below the basic Earnings Per Share for FY2010 of 0.34 cent, excluding the one-off gain on the sale of the GDL investment.

Group Net Asset Value Per Share rose from 3.83 cents on December 31, 2010 to 4.28 cents on December 31, 2011.

Focus Areas for Growth : Leveraging Innovation to Deliver Better Returns

Our strategies for growing our two main core businesses of consumer electronics distribution and real estate investments remain on track.

Over the past years, we have adopted innovative strategies to deliver better returns to shareholders. Our improved results demonstrate the success of these strategies, which will lead to sustainable growth.

For the Distribution business, we have taken advantage of new trends in consumer demand and rebalanced our portfolio to focus on higher margin consumer electronics products. We have also strengthened our supply chain to ensure quick responses to customer demands allowing us to maintain a high level of competitiveness, and ensure our position in our key market, China.

Innovation flexibility and quick response, with astute management of risks, are the keys to bolstering our profits.

Our Real Estate Investments business has also reported a credible performance, delivering strong maiden returns within a relatively short period.

In FY2011, we achieved a segment profit of S$6.0 million from our Real Estate Investments business, which increased significantly compared to the S$1.6 million recorded in the previous year. This segment includes our activities in Australia as well as property rentals and sales in the PRC including Hong Kong.

This encouraging performance bodes well for the Group as it seeks innovative ways to enhance shareholder value.

Healthy Financial Position

The Group's financial position remains healthy.

Our cash balance, apart from pledged non-current fixed deposits, improved by 15.5% to S$38.3 million in FY2011. With our enhanced financial strength, we will be able to mobilise our resources to take advantage of new strategic opportunities when these arise.

Growth Prospects

In China, local demand for our extensive portfolio of consumer electronics products remains good. Indeed, we are growing our customer base, adding new product lines and expanding our distribution network. We will ensure a firm operational framework that strives to maximize sales channels, to drive profitability and revenue growth. We target to double our distribution network from the current 113 cities to more than 300 cities in the next three to five years so as to leverage on the country's new focus of driving domestic consumption demand for a more balanced economic growth.

We remain confident that our Real Estate Investments division will continue to do well as it focuses on being an innovative capital partner primarily in the real estate projects in Australia – which is likely to remain economically-buoyant in view of the ongoing strong global commodities demand.

Rewarding Shareholders

In the light of the Group's performance, the Board of Directors has declared a second interim dividend of 0.1 cent per share. Together with the 0.1 cent interim dividend paid on June 2, 2011, shareholders will receive a total dividend of 0.2 cent a share, amounting to a yield of 6.9% based on the closing price of 2.9 cents per share on February 28, 2012.

Smooth Succession

The Group is constantly evolving to meet the demands and opportunities of the fast-changing global business environment by creating innovative ways of doing business and effective talent management. Over the years, we realigned our businesses into two key business groups which are now headed by very experienced professionals – Mr Inderbethal Singh Thakral, Managing Director of the Distribution Division and Mr Jaginder Singh Pasricha, Managing Director of Real Estate and Corporate Division.

After more than 16 years at the helm of the Company, I have stepped down as Chairman at the end of FY2011 and will continue as an Executive Director. Mr Natarajan Subramaniam, who was the Deputy Chairman and has been on the Board since the Group's listing, has taken over as Independent Non-Executive Chairman.

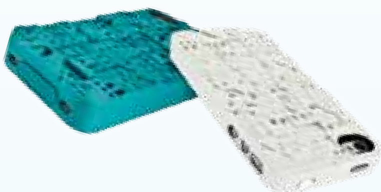
With their collective strengths and extensive experience, I believe the Group will be in good hands in the years ahead, and we remain dedicated to our long-standing commitment of delivering positive value to shareholders.

Acknowledgements

My tenure as chairman has been both challenging and rewarding. Over this period, I have benefited from the steady guidance and wise counsel of my fellow board members. I am grateful for their trust as well as contributions and am confident they will continue in their efforts to make the Group stronger going forward.

I also take this opportunity to thank our customers, business partners, employees, bankers and shareholders for their loyalty and I look forward to their continued unwavering support and confidence in us in the coming years.

Kartar Singh Thakral
Chairman (FY2011)



Review of Operations

Overall Group Financial Performance

The Group's consumer electronics business in China remained vigorous while its real estate investments division delivered a healthy maiden income contribution from its Australian property investments & fees.

The Group has been able to adopt a more judicious approach in the use of the resources at its disposal. A major part of the investments in Australia has been financed through internal resources. Working capital for the consumer electronics business has been well balanced between the Group's own resources and the appropriate trade lines at PRC and Hong Kong.

The operational profits of the Group increased 119% from S$5.8 million in FY2010 to S$12.6 million in FY2011 – as a result of a 60% rise in the Group's gross profit to S$38.4 million. This was achieved despite an 11% decline in the Group's total revenue to S$363.7 million during the year under review. This in turn boosted our gross profit margin to 10.6% in FY2011 from 5.9% in FY2010. The net profit after tax, prior to share of non-controlling interests, rose 9% to S$9.9 million compared to S$9.1 million in FY2010 (excluding the one off gain on sale of the shares in India).

The Group's cash balance remains healthy at S$38.3 million (excluding pledged non-current fixed deposits) at December 31, 2011. This was up 15.5% from S$33.2 million at December 31, 2010.

Overall operational cash flow for FY2011 has also improved to S$13.9 million, compared to the outflow of S$3.3 million for the previous year. The inflow in FY2011 was also helped by the receipt of a dividend from the Group's Australian quoted equity investment.

Segmental Performance

Distribution

The distribution division remains the main revenue generator for the Group. It accounted for about 96% of the Group's revenue and 58% of the overall segmental profit for the year. The division reported a higher segment profit of S$8.7 million despite a lower turnover of S$350.7 million for FY2011.

Digital Still and Video Camera products of top brands like Canon, Fuji, Panasonic, Samsung and Sony form the core of the distribution business. Apart from these core brands, the Group has also enlarged its range of Apple - related accessories. Today, it carries about 15 brands of such accessories to cater to the rising popularity of Apple products in its key markets. The latest accessory brands introduced include Altec Lansing, Belkin, Built, Cygnett, Logic 3, Moshi Moshi, Scott, Skullcandy, SwitchEasy, etc.

The division also expanded its dealership network in China and strengthened its sales team. Presently, the division has sales representatives in 30 cities, up from 24 in FY2010, covering dealers with retail outlets in more than 113 cities.

Real Estate Investments

The real estate investments division covers a property development unit in Wujiang China, property holdings in Hong Kong as well as investments in real estate projects in Australia.

Revenue from this division improved to S$10.3 million, a significant increase from S$2.4 million in FY2010. Segmental profit of S$6.0 million was also significantly higher than the S$1.6 million achieved in the previous year. In FY2011, this division accounted for about 40% of the Group's overall segmental profit.

In the year under review, the strong segmental performance was underpinned by the robust deals secured in Australia as well as the sale of properties by the development unit in Wujiang, China. The division has undertaken four residential real estate projects in Australia, namely Harbour One, Australia Towers, Emerant Lane and GLNG housing. Harbour One project has been completed and the returns were received ahead of schedule. The other three projects are in progress, with the Australia Towers project due to be completed and returns received soon.

Valuation gain from investment properties was S$0.5 million in FY2011. During the year, an Investment Committee was set up to review investment proposals up to S$4 million. This Committee aims to improve operational efficiency and manage the risks for investment deals.

More real estate investment projects are in the pipeline. The division is reviewing repeat investments with its existing partners as well as looking into new investment opportunities through innovative capital partnerships.

Corporate Information

BOARD OF DIRECTORS

Executive:
Kartar Singh Thakral
Inderbethal Singh Thakral
Jasvinder Singh Thakral
Jaginder Singh Pasricha

Non-Executive:
Natarajan Subramaniam (Chairman) *Independent*
Lee Ying Cheun *Independent*
Pratap Chinnan Nambiar *Independent*
Ting Sii Tien @ Yao Sik Tien

AUDIT COMMITTEE

Natarajan Subramaniam (Chairman)
Lee Ying Cheun
Pratap Chinnan Nambiar

NOMINATION COMMITTEE

Natarajan Subramaniam (Chairman)
Kartar Singh Thakral
Pratap Chinnan Nambiar

COMPENSATION COMMITTEE

Lee Ying Cheun (Chairman)
Natarajan Subramaniam
Ting Sii Tien @ Yao Sik Tien

INVESTMENT COMMITTEE

Natarajan Subramaniam (Chairman)
Kartar Singh Thakral
Jaginder Singh Pasricha

COMPANY SECRETARIES

Tan Ping Ping
Chan Lai Yin

REGISTERED OFFICE

20 Upper Circular Road
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Tel: (65) 6336 8966
Fax: (65) 6336 7225
E-mail: enquiries@thakralcorp.com.sg
Website: www.thakralcorp.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

AUDIT PARTNER-IN-CHARGE

Rankin Brandt Yeo
Date of Appointment: 26 April 2007

Board of Directors

Natarajan Subramaniam Age 73 | **Independent Non-Executive Chairman and Director**
Mr Natarajan Subramaniam is the Non-Executive Chairman of the Board and a Non-Executive Director of the Company. He was first appointed a Director on 15 November 1995 and was last re-appointed on 29 April 2011. He is also Chairman of the Audit, Investment and Nomination Committees and a member of the Compensation Committee of the Company. The Company's Nomination Committee considers Mr Subramaniam to be an independent director.

Mr Subramaniam began his accounting career in 1965 as a trainee with Blackborn Mellstrom & Co, London and subsequently with Ernst & Young, London. He joined Ernst & Young, Singapore in January 1971 and was appointed partner in July 1976, a position which he held till retirement in December 1993. Mr Subramaniam continued as an associate of the firm from January 1994 until December 2003. His major areas of experience include audit, investigations, IPOs, mergers and acquisitions. He was for a number of years a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore and a member of the Accounting and Auditing Standards, Quality Control and Professional Development Committees of Ernst & Young International. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants, Singapore and the Singapore Institute of Directors. He holds a Bachelor of Arts Degree from the University of Malaya in Singapore.

Kartar Singh Thakral Age 78 | **Executive Director**
Mr Kartar Singh Thakral is an Executive Director of the Company and was the Executive Chairman since the Company's listing until 31 December 2011. He was first appointed a Director since the incorporation of the Company on 7 October 1993 and was last re-appointed on 29 April 2011. He is a member of the Nomination and Investment Committees of the Company.

In addition, Mr Thakral is the Chairman of the Thakral Family Companies and the Joint Chairman of Thakral Holdings Limited, a company listed on the Australian Stock Exchange. He joined the family trading business in 1949. He was a director of the Singapore Trade Development Board appointed by the Minister for Trade and Industry for a period of four years until 31 December 1998 and a non-executive director of India listed GIVO Limited till 31 March 2009. He was also a member of the Committee to Promote Enterprise Overseas and a member of the Regional Business Forum, both appointed by the Singapore Government. He is a trustee of the Singapore Sikh Education Foundation and Sri Guru Nanak Sat Sang Sabha and was a trustee of Singapore Indian Development Association from 1991 till 31 December 2006.

Inderbethal Singh Thakral Age 52 | **Executive Director**
Mr Inderbethal Singh Thakral ("Mr Bethal") is the Managing Director, Distribution Business of the Group. He was first appointed a Director on 12 August 1994 and was last re-elected on 22 April 2010.

Mr Bethal has extensive experience in the electronics distribution business and headed the Group's operations in Hong Kong and China since 1984. He joined the family business, Thakral Brothers (Pte) Ltd in Singapore in 1975. In 1980, he moved to Japan to familiarise himself with the operations and business partners there. With China trade becoming an important part of Hong Kong's business direction, Mr Bethal focused on expanding the Group's business in the PRC and developing trade relations in the PRC and Hong Kong. At the same time, he enlarged the range of brands as well as product lines carried by the Group thereby increasing its share of the consumer electronics market.

Mr Bethal is also a non-executive director of Thakral Holdings Limited, a company listed on the Australian Stock Exchange and Chairman of Sahib Sri Guru Gobind Singh Ji Education Trust, Hong Kong.

Board of Directors

Ting Sii Tien @ Yao Sik Tien Age 57 | **Non-Executive Director**

Mr Ting Sii Tien @ Yao Sik Tien is a Non-Executive Director and a member of the Compensation Committee of the Company. He was first appointed a Director on 5 May 2008 and was last re-elected on 30 April 2009. Prior to his appointment as non-executive director, he was an Alternate Director to a former director of the Company from 11 May 2005 to 5 May 2008.

Mr Ting is the Group General Manager of Hong Leong Corporation Holdings Pte Ltd, Executive Director and Group Chief Executive Officer of Malaysia listed Tasek Corporation Berhad and Non-Executive Director of Singapore listed HL Global Enterprises Limited ("HLGE"). He was previously the Group Chief Financial Officer of Hong Leong Asia Ltd. and the Chief Financial Officer of New York listed China Yuchai International Limited. He was an Alternate Director to a former director of HLGE from 21 September 2007 to 6 March 2009. He has over 25 years of experience as a financial controller in various companies including Deutsche Bank Aktiengesellschaft (Singapore), Bank of Montreal, Singapore and is an associate member of the Institute of Chartered Accountants in England and Wales.

Jasvinder Singh Thakral Age 59 | **Executive Director**

Mr Jasvinder Singh Thakral ("Mr Jasvinder") is an Executive Director of the Company. He was first appointed a Director on 15 November 1995 and was last re-elected on 29 April 2011.

Mr Jasvinder joined the Group as Managing Director of Thakral Japan in 1970 and is responsible for the operations of the Osaka buying office. Being born and brought up in Japan, he has extensive experience in Japanese business and work culture and has been in charge of sourcing consumer electronics products directly from Japanese manufacturers. Over the years, Mr Jasvinder has strengthened relationships with the Group's suppliers and has managed to retain their support despite difficult times. He has also been the key person in managing the change-over to the current high-end product line that the Group distributes.

Mr Jasvinder has been actively involved in the local PRC operations and in further developing relations with suppliers including Canon and Panasonic for the PRC since his relocation to Shanghai in 2010. He was also involved in building relationships with manufacturers including Canon, Panasonic and Sony in India.

Lee Ying Cheun Age 70 | **Independent Non-Executive Director**

Mr Lee Ying Cheun is a Non-Executive Director of the Company and is considered to be an independent director by the Company's Nomination Committee. He was first appointed a Director on 15 November 1995 and was last re-elected on 22 April 2010. Mr Lee is the Chairman of the Compensation Committee and a member of the Audit Committee.

Mr Lee held various appointments in the Economic Development Board and the Trade Development Board from 1966 to 1994. He was the Group General Manager of WBL Corporation and the Managing Director of Wearnes Technologies from 1994 to 1998 and an Executive Director of Hong Kong listed Vincent Intertrans Limited from 1999 to 2000. He held various executive positions (Asia) in Optimer Pharmaceuticals, Inc., USA from 2001 to 2006. Mr Lee was an Independent Director on boards of various listed companies, including Jurong Technologies Industrial Corporation Limited where he was Non-Executive Chairman and subsequently Non-Executive Vice Chairman. He is currently the Corporate Investment Adviser to Bu Chang Pharmaceuticals Group, China and a Director of Global EMS Management Pte Ltd.

Mr Lee holds degrees in Bachelor of Science and Bachelor of Science with Honours (Applied Chemistry) from the University of Singapore and had completed programs in Operations Research (University of

Birmingham), Training Methodologies (Turin), Management of Small/Medium Size Enterprises (Osaka) and Advanced Management Programs at INSEAD and Harvard. He is an Honorary Fellow of the All India Management Association and a member of the Singapore Institute of Directors.

Jaginder Singh Pasricha Age 64 | **Executive Director**
Mr Jaginder Singh Pasricha is the Managing Director, Real Estate & Corporate of the Company. He was first appointed a Director on 2 September 2008 and was last re-elected on 30 April 2009. He is a member of the Investment Committee of the Company.

Mr Pasricha was a barrister and solicitor of the Supreme Court of Victoria and had conducted a boutique law firm specialising in commercial and corporate matters prior to joining an Australian investment bank to lead its real estate operations in India. Mr Pasricha has extensive experience in real estate and real estate investment transactions, corporate structuring, tax planning, mergers and acquisitions, company listing, international cross border transactions, debt restructuring, joint ventures and capital raising.

Mr Pasricha is a non-executive Director of Singapore listed Jacks International Limited and Australia listed Thakral Holdings Limited. He is a graduate of King's College London University where he also read his masters at law. He is a member of the Honourable Society of the Inner Temple.

Pratap Chinnan Nambiar Age 57 | **Independent Non-Executive Director**
Mr Pratap Chinnan Nambiar is a Non-Executive Director of the Company and is considered to be an independent director by the Company's Nomination Committee. He was first appointed a Director on 28 July 2009 and was last re-elected on 22 April 2010. He is a member of the Audit Committee and Nomination Committee of the Company.

Mr Nambiar is the Founder, Chief Executive Officer and Director of Thought Perfect Pte Ltd, a Singapore based business performance coaching firm for CEOs. Prior to founding Thought Perfect Pte Ltd, he was the Regional Executive Partner Global Markets, based in Singapore, for KPMG Asia Pacific, responsible for the Asia Pacific Global Client Program. Mr Nambiar has over 35 years of international experience including stints in India, Indonesia, The Middle East, Nigeria, USA, Russia, and of course, Singapore. Starting his career in the Market Research division of J. Walter Thompson, he has been exposed to a wide range of products and services holding senior management positions in multi-national companies like Eastman Kodak, The Bata Shoe Company, Ernst & Young and KPMG. He was also a Leadership Consulting Partner for the Asia Pacific region with Heidrick & Struggles from September 2010 to August 2011.

Mr Nambiar was appointed as the Executive in Residence at the NUS Business School in 2008. He is a freelance writer who contributes performance based articles to various newspapers and magazines in the Asia Pacific region. He also teaches some executive MBA programs. He was the Founder President (1996) of the Singapore Branch of The Chartered Institute of Marketing (CIM UK) and was conferred the CIM President's Award for his contribution to the field of Marketing. Mr Nambiar has been the Asia Pacific Advisor to an organisation called Peaceful Settlement founded by Sir Geoffrey Howe in London, which provides Mediation services to corporates.

He is an honours graduate in Economics and Statistics and a Gold Medal winner in his postgraduate studies in Advertising and Public Relations from Bombay University. He is a Fellow of The Chartered Institute of Marketing (UK) with a MBA from the National University of Singapore. He has attended several management development programs, at Harvard, Kellogg, IMD and INSEAD.

Key Executives

Sanjib Sengupta | Chief Financial Officer

Mr Sanjib Sengupta is the Chief Financial Officer ("CFO") of the Company, and is responsible for financial reporting, risk management, internal controls, financial planning, treasury and taxation matters. Prior to his appointment as CFO, he was the Group Internal Auditor ("GIA") and has been with the Group since 1997.

In his previous role as GIA, Sanjib reviewed issues relating to internal control, risk and compliance, efficiency and operational audit, audit of interested party transactions and the monitoring of implementation of audit recommendations.

In addition to his role as CFO, Sanjib also has multi-disciplinary experience in public and private enterprises in auditing, consulting, analysis and appraisal for around 25 years. This includes a senior position with a state government in India for 9 years overseeing financial analysis and appraisal of projects sponsored by State Level Public Enterprises.

He is a fellow member of The Institute of Chartered Accountants of India and an associate member of The Institute of Cost & Works Accountants of India. He graduated with Honours in Commerce.

Kanwaljeet Singh Dhillon | Executive Director, Thakral Corporation (HK) Limited

Mr Kanwaljeet Singh Dhillon is the Executive Director of Thakral Corporation (HK) Limited, and is responsible for a key part of the Group's sales and marketing operations. He joined the Group in 1977 and has more than 30 years of experience in consumer electronics trading and distribution. His mastery of the Chinese market has been a strong enabler for the Group's growth in Hong Kong and China and he has contributed strongly to the growth in overall sales of the Group since its listing. Kanwaljeet graduated from Punjab University, India in 1974 with a Bachelor of Commerce degree.

Anil Moolchand Daryanani | Group Financial Controller

Mr Anil Daryanani is the Group Financial Controller with additional responsibilities as the Company Secretary of all the Group companies in Hong Kong. Anil is a non-practising Fellow of the Association of Chartered Certified Accountants (ACCA) and the Hong Kong Institute of Certified Public Accountants as well as an Associate of the Institute of Chartered Accountants in England and Wales.

Anil joined the Group in 1982 and has more than 25 years of experience in financial management, taxation, accounting, legal and corporate financial matters. He has played key roles in the major corporate exercises undertaken by the Group right from and including the listing of the Group in 1995 on the main board of the Stock Exchange of Singapore. He works closely with the Group's financial, tax and legal advisers in Hong Kong and Singapore.

Principal Officers

THAKRAL CORPORATION LTD
Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Managing Director, Distribution Business

Jaginder Singh Pasricha
Managing Director, Real Estate & Corporate

Sanjib Sengupta
Chief Financial Officer

K F Patrick Lau
Group Internal Auditor

Anil Moolchand Daryanani
Group Financial Controller

Vivian But (Ms)
Deputy Financial Controller (Corporate)

Patrick Lau
Asst Financial Controller (Corporate)

THAKRAL CORPORATION (HK) LIMITED
Hong Kong

Inderbethal Singh Thakral
Managing Director, Distribution Business

Kanwaljeet Singh Dhillon
Executive Director

Pessumal Motwani
Senior Vice President - Sales & Marketing

Sophie Doo (Ms)
Financial Controller

Ashok Sundersing Lulla (Andy)
Vice President - Sales & Marketing

Steven Yu
Vice President - Business Development

THAKRAL BROTHERS LIMITED
Osaka, Japan

Kuldip Singh Thakral
Chairman

Jasvinder Singh Thakral
Managing Director

Sueko Takahashi (Ms)
General Manager & Chief Financial Officer

THAKRAL CHINA LTD
Shanghai, People's Republic of China (PRC)

Inderbethal Singh Thakral
Managing Director, Distribution Business

Jasvinder Singh Thakral
Executive Director

Sam Zhang
General Manager - Sales & Marketing

Gan Liang
Senior Vice President

Sean Qiu
Financial Controller

Jeff Ji
HR Manager

WUJIANG DAFA REAL ESTATE DEVELOPMENT CO LTD
Wujiang, PRC

Gan Liang
Chairman

TCAP AUSTRALIA PTY LTD
Melbourne & Sydney, Australia

Jaginder Singh Pasricha
Managing Director

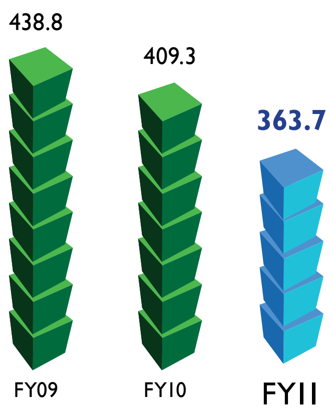
Greggory John Piercy
Director

Victor Shkolnik
Director

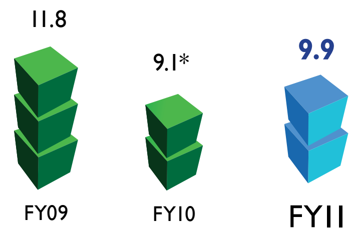
Kevin Charles Barry
Director

Financial Highlights

Revenue (S$ million)

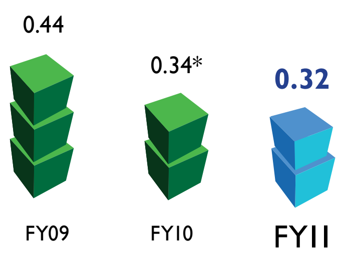


Net Profit (S$ million)



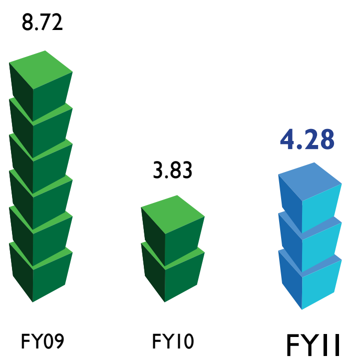
*Excludes gain from sale of investment in Gateway Distriparks Limited.

Earnings Per Share (cent)



*Excludes gain from sale of investment in Gateway Distriparks Limited

Net Asset Value (cents)



The decline in net asset value per share in FY10 was primarily due to the cash distribution of S$130.6 million (S$0.05 per share) pursuant to the Company's capital reduction.

The Company is committed to enhancing share value through good corporate governance. This report describes the corporate governance framework and practices of the Company, reflecting the need to balance enterprise and accountability. The Board of Directors is pleased to report that the Company has generally complied with the Code of Corporate Governance 2005 except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board assumes responsibility for stewardship of the Group, providing corporate direction, ensuring financial and human resources are adequate, establishing a framework of prudent and effective controls, monitoring managerial performance, and promoting best practice in corporate governance.

The Board meets at least four times a year and whenever necessary for the discharge of its duties. The Articles of Association of the Company provide for meetings of directors to be conducted by means of a telephone conference, videoconferencing, audio visual, or other similar communication equipment.

Details of the directors' attendance at Board and Committee meetings during the financial year are as follows:

Director	Board		Audit Committee		Compensation Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Kartar Singh Thakral	5	5	NA	NA	NA	NA	1	1
Natarajan Subramaniam	5	5	5	5	3	3	1	1
Lee Ying Cheun	5	5	5	5	3	3	NA	NA
Pratap Chinnan Nambiar	5	4	5	5	NA	NA	1	1
Inderbethal Singh Thakral	5	5	NA	NA	NA	NA	NA	NA
Jasvinder Singh Thakral	5	4	NA	NA	NA	NA	NA	NA
Jaginder Singh Pasricha	5	5	NA	NA	NA	NA	NA	NA
Ting Sii Tien @ Yao Sik Tien	5	4	NA	NA	3	3	NA	NA

Note:

The Company's Investment Committee established on 3 November 2011 did not hold any meeting during the financial year under review.

Other than the above, the independent directors and non-executive director held meetings as and when the needs arose during the financial year.

The Company has established an extensive list of matters that requires Board approval. The list has been reviewed and updated by the Board during its November 2011 meeting. The latest list covers matters relating to:

- appointment of Chairman, Directors, Managing Director, Senior Executive Officers, Company Secretary and External Auditors;
- appointment of Board Committees and approving their terms of references;

- appointment of and changes to legal representative(s) (or person(s) of equivalent authority) to the Company and/or any of its principal subsidiaries where such appointment/designation would have sole powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of the Company or that principal subsidiary;

- appointment of and changes to independent directors of the Company whom are on the boards of the Company's principal subsidiaries inside and outside Singapore;

- announcements to the SGX-ST including approval and release of quarterly and annual reports;

- business strategy and operating budgets;

- new related party transaction matters;

- setting up, acquisition and disposal of subsidiaries or assets and liabilities over S$4 million;

- investments, capital expenditure and substantial commitments exceeding S$4 million including contracts in excess of one year's duration and providing security over significant group assets;

- contracts not in the ordinary course of business;

- treasury policies including foreign currency and interest rate exposure;

- establishment of a robust and effective system of internal controls that addresses financial, operational and compliance risks;

- corporate policies in keeping with good corporate governance and business practice;

- disclosure of directors' interests and loan agreements which make reference to control or controlling shareholder interest including obtaining an undertaking from controlling shareholder to provide notification when share pledging arrangements are entered into such that the details of the pledge can be disclosed by the Company;

- allotment, call and forfeiture of shares, transfer of securities during a trading suspension which requires approval from SGX, dividend distribution, raising new capital and confirming major financial facilities; and

- political donations of any amount and charitable donations exceeding S$10,000.

The Company has an established policy for new Board members to be briefed by the Chairman or Deputy Chairman and given an orientation by a member of the Board to ensure that incoming directors are familiar with the Group's business and corporate governance practices. Directors are encouraged to participate in relevant training programmes. During the year under review, directors including a non-executive director made overseas visits to review operations and provide strategic guidance.

An Investment Committee was established on 3 November 2011 to assist the Board in reviewing and approving or making recommendations to the Board any proposed investments exceeding S$300,000 up to S$4 million. Members of the Investment Committee are:

Mr Natarajan Subramaniam	(Chairman)
Mr Kartar Singh Thakral	(Member)
Mr Jaginder Singh Pasricha	(Member)

The Investment Committee has written Terms of Reference that describe the responsibilities of its members. The duties of the Investment Committee are as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amount exceeding S$300,000 and up to S$4 million;

- to review and recommend to the Board for approval any investment proposals exceeding S$4 million. For the avoidance of doubt, the Investment Committee may at its discretion refer any investment proposals, or variations to the terms of investments, not exceeding S$4 million to the Board for review and approval;

- to review and approve changes and variations to the terms of investments by the Company and/or its subsidiaries which have previously been approved by the Committee or the Board;

- to recommend to the Board any appropriate extensions or changes in the duties and powers of the Committee;

- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily; and

- to carry out such other duties as may be agreed to by the Committee and the Board.

The Investment Committee did not hold any formal meetings during the year under review as the Committee was formed towards the end of the year. Nonetheless, there were informal discussions on investment proposals that are being implemented.

Principle 2: Board Composition and Guidance

The Board consists of eight directors of whom four are executive, one non-executive and three independent and non-executive. The Company considers directors associated with substantial shareholders as non-independent. Board members possess a range of core competencies in accounting, finance, business management, industry and market knowledge that provide effective direction for the Group. Representations from two substantial shareholders coupled with the independent element on the Board - comprising business leaders and professionals with a diversity of knowledge and experience - enables objective exercise of commercial judgement and provides appropriate checks and balances on managerial decisions. The Board has reviewed its size, taking into account the scope and nature of the operations of the Company, and is satisfied that the directors in office are fully qualified to carry out their responsibilities. The Board will continue to review its size.

Non-executive directors continue to constructively challenge and help develop proposals on strategy and review the performance of management with a view to achieve common goals and objectives and monitor the reporting of performance.

Principle 3: Chairman and Chief Executive Officer

Mr Kartar Singh Thakral ("Mr Kartar") was the Chairman of the Board up to the end of the financial year under review. He continues to be an Executive Director of the Company. As the Chairman, Mr Kartar was responsible for, among others, exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board and ensuring compliance with the Group's guidelines on corporate governance. He was assisted by the then Deputy Chairman, Mr Natarajan Subramaniam, who is an independent non-executive director. Mr Inderbethal Singh Thakral ("Mr Bethal") and Mr Jaginder Singh Pasricha as Managing Director, Distribution Business and Managing Director, Real Estate & Corporate respectively, lead the Group in their respective designated areas of responsibilities. Mr Bethal is the son of Mr Kartar.

Mr Subramaniam assumed the role of Independent Non-Executive Chairman of the Board effective from 1 January 2012.

Principle 4: Board Membership

The Board has established a Nomination Committee to ensure that there is a formal and transparent process for the appointment of new directors to the Board. Members of the Nomination Committee are:

Mr Natarajan Subramaniam	(Chairman)
Mr Kartar Singh Thakral	(Member)
Mr Pratap Chinnan Nambiar	(Member)

Except for Mr Kartar, the members of the Nomination Committee are independent non-executive directors.

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed and revised on 3 November 2011.

The duties of the Nomination Committee are as follows:

- to recommend new appointments of directors to the Board;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to recommend to the Board re-nomination of directors for re-election at the Company's Annual General Meeting ("AGM") having regard to the directors' contribution and performance;
- to make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of seventy (70) years;
- to determine the independence of directors;
- to ensure that directors who have multiple board representations give sufficient time and attention to the Company's affairs;
- to assess the contribution of each individual board member to the effectiveness of the Board;
- to determine and implement the process of assessing the effectiveness of the Board as a whole; and
- to ensure complete disclosure of information of directors and search and nomination process as required under the Code of Corporate Governance 2005 and other statutory regulations.

New directors are appointed by the Board based on recommendations by the Nomination Committee. In reviewing the suitability of new candidates, the Nomination Committee seeks to ensure that the candidate has the relevant qualification, experience and skills to contribute to the Board.

In keeping with the principle of good corporate governance, the Articles of Association of the Company provides for all our directors to retire at least once every three years and subject themselves to re-election by shareholders at the AGM.

Principle 5: Board Performance

The directors are assessed by the Chairman in consultation with the Chairman of the Nomination Committee based on assessment parameters set out in a Director Evaluation Form. The evaluation covers a range of qualities and factors, and takes into consideration the background, qualifications, knowledge and experience of directors, their attendance and participation at Board and Committee meetings and availability for consultation.

A formal assessment of the effectiveness of the Board as a whole was undertaken by the Board based on input from individual board members and the Chairman. A self-evaluation carried out by individual directors on effectiveness and contribution reflected that the directors believe that they have met the evaluation criteria such as their preparedness for meetings, participation during meetings, attendance at meetings, challenging management in a positive manner, leadership, strategic thinking and integrity when discharging their responsibility. The Board after discussion was of the view that the performance of individual members of the Board and the Board as a whole was more than satisfactory.

Principle 6: Access to Information

The Board receives management accounts and a status report of activities each month. It meets every quarter to review the operations of the Company and approve the issue of the quarterly announcements to the SGX-ST. Prior to the Board meetings, Board members are given ample notice and provided with Board papers incorporating the quarterly management accounts, the announcement of the quarterly results, press releases and papers relating to each agenda item. The management accounts package provides comprehensive information on the results, position and cash flow of the Company and its subsidiaries with quantitative analysis of divisional performance against forecasts and explanations for material variances. In addition to the aforesaid regular reports, all relevant information on material events and transactions complete with background and explanations are circulated to directors as and when they arise.

Each Board member has separate and independent access to the Company's senior executive officers and the Company Secretaries via telephone, fax and email. The Board also has access to independent professional advice, where appropriate, at the Company's expense. Any member of the Board may advise the Chairman that he wishes to obtain independent legal advice in relation to a matter affecting the discharge of the director's responsibilities and duties to the Company at the Company's expense where it is reasonable to do so. The Chairman may determine that a matter that affects the discharge of the duties and responsibilities of a director or the Board collectively in relation to the affairs of the Company should be referred to independent legal counsel for advice at the expense of the Company where it is reasonable to do so.

At least one of the Company Secretaries or their representative attends all Board meetings and is responsible for ensuring Board procedures are adhered to. The Company Secretaries ensure that the Company complies with the requirements of the Companies Act and other rules and regulations applicable to the Company. The appointment and removal of the Company Secretary is a matter for the Board.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The Compensation Committee comprises:

Mr Lee Ying Cheun	(Chairman)
Mr Natarajan Subramaniam	(Member)
Mr Ting Sii Tien @ Yao Sik Tien	(Member)

The Compensation Committee is empowered to engage, whenever needed, human resource professional firms to provide advice on executive compensation.

The Compensation Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed and revised on 3 November 2011. The duties of the Compensation Committee are as follows:

- to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Group's executive and non-executive directors and senior executive officers, including those employees related to the executive directors and controlling shareholders of the Company;

- to recommend to the Board equity-based long term incentive schemes and to assume the role and functions of the schemes' committees; and

- to review/approve the appointment of senior executive officers (other than the Group Managing Director whose appointment is approved by the Board) and make recommendation on the same to the Board.

The Compensation Committee has established a framework of remuneration for Board members and senior executive officers including executive directors of the Company, which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, long term incentive schemes and benefits-in-kind.

The Compensation Committee has reviewed the remuneration of non-executive directors, executive directors and senior executives of the Group and has recommended adjustments for the Board's approval. No director was involved in deciding his own remuneration. In setting remuneration packages for executive directors and key executives, the Company has taken into account the performance of the Company and that of its executive directors and officers. A proportion of remuneration is linked to performance.

Executive directors do not receive directors' fees. Non-executive directors are paid directors' fees, subject to approval at the AGM. In proposing remuneration for non-executive directors, the Committee took into account the contributions by individual directors in furthering the mission and objectives of the Group. Non-executive directors are paid a basic fee and an additional fee for serving on any of the committees. An additional contribution fee may be payable where the non-executive director has rendered services beyond his normal duties.

Senior executive officers including executive directors have standard employment letters. There were no unexpired service contracts with any senior executive officers and executive directors.

Disclosure of directors' and key executives' remuneration during the financial year is tabulated below:

Directors' Remuneration:

Name of Director	Fees %	Salary %	Bonus %	Benefits %	*Ex-gratia %	Total %
S$1,000,000 to below S$1,250,000						
Jasvinder Singh Thakral	–	36	30	34	–	100
S$750,000 to below S$1,000,000						
Inderbethal Singh Thakral	–	16	45	39	–	100
Jaginder Singh Pasricha	–	64	33	3	–	100
S$500,000 to below S$750,000						
Kartar Singh Thakral	–	98	–	2	–	100
Below S$250,000						
Natarajan Subramaniam	77	–	–	–	23	100
Lee Ying Cheun	74	–	–	–	26	100
Ting Sii Tien @ Yao Sik Tien	100	–	–	–	–	100
Pratap Chinnan Nambiar	85	–	–	–	15	100

* *Ex-gratia in relation to participation in the Company's acquisition and/or disposal of shares in Gateway Distriparks Limited which had been approved at the Company's AGM held on 29 April 2011.*

No share options have been granted to any director during the financial year.

Key Senior Executives' Remuneration:

Name of Executive	Salary %	Bonus %	Benefits %	Total %
S$500,000 to below S$750,000				
Kanwaljeet Singh Dhillon	34	16	50	100
S$250,000 to below S$500,000				
Sanjib Sengupta	47	31	22	100
Anil Moolchand Daryanani	45	26	29	100
Greggory John Piercy	100	–	–	100
Victor Shkolnik	100	–	–	100
Kevin Charles Barry	100	–	–	100
Below S$250,000				
K F Patrick Lau	76	19	5	100

No share options have been granted to the above key senior executives during the financial year.

Remuneration of Immediate Family Member of Director Exceeding S$150,000:

Name of Immediate Family Member of Director	Salary %	Bonus %	Benefits %	Total %
Below S$250,000				
Kuldip Singh Thakral	100	–	–	100

Mr Kuldip Singh Thakral ("Mr Kuldip"), Chairman of Thakral Brothers Limited, Osaka, is the brother of Mr Kartar and the father of Mr Jasvinder Singh Thakral. No share options have been granted to Mr Kuldip during the financial year.

Employees' Share Option Scheme and Share Performance Plan

The Thakral Corporation Employees' Share Option Scheme 2001 ("the 2001 Scheme") and the Thakral Corporation Employees' Share Performance Plan 2001 ("the 2001 Plan") were approved and adopted on 30 March 2001.

Both the 2001 Scheme and the 2001 Plan, administered by the Compensation Committee of the Company, were share incentive schemes which seek to foster an ownership culture within the Group which aligns the interests of grantees with the interests of shareholders, attract and/or retain key employees whose contributions are important to the long term growth and profitability of the Group, give recognition to controlled associated company employees who have contributed to the success and development of the Company and/or the Group and to develop a participatory sense of management which instills loyalty and a stronger sense of identification with the long term prosperity of the Group. Further, the 2001 Plan was an integral part of the Company's programme for executive incentive compensation to motivate participants to achieve performance targets of the Group and/or their respective business units.

No awards have been issued since the adoption of the 2001 Plan and no new options have been granted since March 2007. The 2001 Scheme and 2001 Plan have expired on 30 March 2011.

Further information on the 2001 Scheme has been disclosed in the Report of the Directors from page 35 to page 36.

ACCOUNTABILITY AND AUDIT & COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability
Principle 14: Regular, Effective and Fair Communication
Principle 15: Greater Shareholder Participation

The Board is accountable to the shareholders and the Management is accountable to the Board.

The Board provides shareholders with quarterly financial statements and review of the Company's performance, financial position and prospects via announcements through SGXNET and on the Company's website (www.thakralcorp.com) and its Chinese investor relation website (http://ir.zaobao.com/thakral/index.html).

As part of the Company's continued effort to contribute to the protection of the environment, a digital version of the Company's Annual Report in CD-ROM together with a printed copy of Notice of AGM and proxy form are mailed to shareholders. Shareholders may request to receive a printed copy of the Company's Annual Report at no additional cost. Notice of AGM is advertised in the newspaper and made available on the website. The AGM is the principal forum for dialogue with shareholders. The Company ensures that there are separate resolutions at general meetings on each distinct issue. Shareholders may attend the AGM and ask Directors and Management questions regarding the Company and in the event that the shareholder cannot attend the AGM, the Articles of Association of the Company allow a member to appoint one or two proxies to attend and vote instead of the shareholder. The chairpersons of the Audit, Nomination, Compensation and Investment Committees are present and available to address questions at the AGM. The external auditors too are present to assist the directors in addressing any relevant queries by shareholders.

In addition, the Company provides continuing disclosure as required by the Listing Manual. The Company does not practise selective disclosure. Price-sensitive information is released via the SGXNET and is subsequently posted on the Company's website and its investor relation website.

The Management provides the Board with monthly management accounts and status reports on the Company and its subsidiaries and related companies, covering each and every business segment in the Group.

Principle 11: Audit Committee
Principle 12: Internal Controls

The Audit Committee, established as a committee of the Board, is composed of three members all of whom are non-executive and independent directors. The following directors constitute the Audit Committee:

Mr Natarajan Subramaniam	(Chairman)
Mr Lee Ying Cheun	(Member)
Mr Pratap Chinnan Nambiar	(Member)

Mr Subramaniam has many years of public accounting experience and was a partner of one of the Big Four accounting firms. The Board has determined that he has adequate qualification and experience in accounting and financial management matters. Mr Lee was a former Deputy Chief Executive Officer of the Singapore Trade Development Board and a key senior executive of a public listed company. The Board has determined that he has the necessary business background and experience and is appropriately qualified to discharge his responsibility as a member of the Audit Committee. Mr Nambiar is an honours graduate in Economics and Statistics from Bombay University and an MBA holder from the National University of Singapore. He is the Founder, Chief Executive Officer and Director of Thought Perfect Pte Ltd, a Singapore based business performance coaching firm for CEOs. He has over 35 years of international experience and has held senior management roles in multinational corporations. With Mr Nambiar's business background and experience, his active participation in Audit Committee workshops which keeps him current with the roles and responsibilities of the Audit Committee as well as the experience gained as an Audit Committee member of the Company for the past years, the Board is confident that he is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

The Audit Committee has written Terms of Reference which clearly set out its authority and duties. The Terms of Reference were last reviewed and revised on 3 November 2011. While focusing in particular on the areas of financial reporting, risk management and internal controls, the Audit Committee has been tasked:

- to review annual financial statements and quarterly announcements before consideration and adoption by the Board;
- to review the clarity and quality of the Company's significant accounting policies and disclosures;

- to review compliance with accounting standards, accounting estimates which materially impact on the financial statements and significant audit adjustments;
- to evaluate and select the external auditors for recommendation to the Board. In this respect, it would review:
  a. the terms of engagement of the external auditors;
  b. the independence of the external auditors;
  c. the scope of the audit;
  d. the methodology of the audit process; and
  e. the results of the external audit;
- to evaluate audit and any non-audit services performed by the external auditors in terms of cost effectiveness, objectivity and independence;
- to discuss with the external auditors, their audit plan, the nature, scope and methodology of their audit process and the results that can be expected to be attained;
- to review the scope of internal audit through the annual internal audit plans and the results of internal audit;
- to review the adequacy and effectiveness of internal and risk control procedures;
- to assess and provide confirmation on the suitability of the Chief Financial Officer (or its equivalent rank) of the Company as and when required under the Listing Manual;
- to review compliance with laws and regulations;
- to review interested person transactions;
- to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- to follow up on any complaints received from staff members as a result of the Group's whistle blowing policy; and
- to examine any other matters referred to by the Board.

In accordance with item 5 of the above Terms of Reference and as required under Rule 1207(6)(b) of the Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors for the year ended 31 December 2011 and confirmed that they would not, in the Audit Committee's opinion, affect the independence and objectivity of the auditors.

The Company has appointed a suitable auditing firm to meet its audit obligations in accordance with Rule 712 of the Listing Manual. The Company's Singapore-incorporated subsidiaries are audited by the same auditing firm of the Company in Singapore. The Company has also appointed suitable auditing firms to audit its significant foreign-incorporated subsidiaries. Accordingly, the Company has compiled with Rule 715 of the Listing Manual.

The Audit Committee has full access to and co-operation from the Management. It has been given the resources required to discharge its function properly. The executive management of the Company attends all meetings of the Audit Committee on invitation. The external auditors and the Group Internal Auditor ("GIA") have unrestricted access to the Audit Committee and are present at all quarterly Audit Committee meetings. The Audit Committee meets with the external and the internal auditors, without the presence of the Management, at least once a year.

The Audit Committee has met five times during the financial year and details of their activities are disclosed in the Directors' Report.

An annual assessment of the material internal and risk controls in the Company has been undertaken by the internal audit team and external auditors. The Audit Committee is satisfied with the process of identification, by the external and internal auditors, of control procedures requiring improvement, their recommendations for improvement and the implementation by the Management of such recommendations.

The Board is responsible for the overall internal control framework within the Group to manage risks and to safeguard the interests of shareholders and assets of the Group. The Board believes in managing risks in a cost effective manner, rather than attempting to eliminate the risk of failure to achieve business objective. The Board believes that the Company maintains a robust and effective system of internal controls. The Board, with the concurrence of the Audit Committee, is of the opinion that the system in place throughout the financial year and up to and as of the date of this report is adequate to meet its needs in addressing financial, operational and compliance risks in the current business environment. It also provides reasonable assurance against the occurrence of material errors, financial misstatement or losses, regulatory non-compliances and fraud or other irregularities.

Whistle-blowing Policy

The Audit Committee has established and put in place a whistle-blowing policy and procedures to provide employees with well-defined and accessible channels within the Group, including direct communications via electronic mail, telephone and post to the Audit Committee and GIA, for reporting suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. In promoting and creating fraud control awareness, the whistle-blowing policy and procedures are circulated to all existing and newly recruited employees by the human resource department.

The Audit Committee exercises the overseeing function over the administration of the policy while the GIA administers the policy. In addition, the GIA will also furnish quarterly reports to the Audit Committee stating the number and nature of complaints received, the results thereof, follow up action and the unresolved complaints. Thereafter, summarised results and follow up measures will be advised to the Board of Directors after review by the Audit Committee.

The policy and procedures statement will be reviewed annually by the Audit Committee and the document, whether revised or not upon such review, shall be circulated to employees after each annual review. The Audit Committee has reviewed the policy and procedures statement on 28 February 2012 and did not recommend any changes to the document. The policy and procedures statement have been circulated to the employees after the review.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The following table sets out the disclosure required under Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year under review:

Name of interested person	Aggregate value of all interested person transactions during the year ended 31 December 2011 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
	S$'000	S$'000
Thakral Brothers (Pte) Ltd and subsidiaries		
Purchases, net of returns	107	145
Sales, net of returns	118	107

Principle 13: Internal Audit

The internal audit function is headed by the GIA, whose primary line of reporting is to the Chairman of the Audit Committee, with administrative reporting to the Chief Financial Officer. The internal audit charter is approved by the Audit Committee and the in-house internal audit function is independent of the functions it audits. It functions in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Ethics of The Institute of Internal Auditors. In addition, the GIA has appropriate standing within the Group.

The Audit Committee reviews the annual internal audit plans and ensures that the internal auditors have adequate resources to perform the internal audit function. The Audit Committee reviews the reports of internal audit each quarter, including the reports on Related Party Transactions. All improvements to controls recommended by the GIA and accepted by the Audit Committee are monitored for implementation. The Audit Committee also reviews the adequacy and the performance of the internal audit function annually.

DEALINGS IN SECURITIES

The Company has adopted internal codes to comply with the requirements of the Listing Manual. Its officers are not allowed to deal in the Company's securities on short-term considerations and during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full year results until after the release of the relevant results announcement. Accordingly, the Company has complied with Rule 1207(19) of the Listing Manual.

Financial Contents

Report of the Directors

The directors present their report together with the audited consolidated financial statements of Thakral Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2011.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Natarajan Subramaniam	Chairman
Kartar Singh Thakral	
Inderbethal Singh Thakral	
Jasvinder Singh Thakral	
Lee Ying Cheun	
Ting Sii Tien @ Yao Sik Tien	
Jaginder Singh Pasricha	
Pratap Chinnan Nambiar	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the year nor at any time during the year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed in paragraph 3 and 5 below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the year had no interest in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as disclosed below:

Name of directors and companies in which interests are held	Shareholdings in which the directors are deemed to have an interest	
	As at January 1, 2011	As at December 31, 2011
The Company	**Ordinary shares**	
Kartar Singh Thakral	781,473,230	781,473,230
Inderbethal Singh Thakral	781,473,230	781,473,230
Subsidiary - TCAP Pte Ltd *	**Ordinary shares**	
Jaginder Singh Pasricha	–	12,250

The directors' interests in the shares of the Company as at January 21, 2012 were the same at December 31, 2011.

* The subsidiary was incorporated during the year.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the year, no director or principal shareholder has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or principal shareholder or with a firm of which they are a member, or with a Company in which they have a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the consolidated financial statements.

There were certain transactions (shown in the consolidated financial statements) with corporations in which certain directors have an interest.

5 SHARE OPTIONS

a) The Thakral Corporation Employees' Share Option Scheme 2001 ("the 2001 Scheme") and the Thakral Corporation Employees' Share Performance Plan 2001 ("the 2001 Plan") were approved at an Extraordinary General Meeting on March 30, 2001. The 2001 Scheme and the 2001 Plan expired on March 30, 2011.

b) The options relating to the 2001 Scheme on ordinary shares of the Company outstanding at the end of the year were as follows:

Date of grant	Balance as at December 31, 2010	Lapsed or expired	Exercised	Balance as at December 31, 2011	Exercise price (S$)	Exercisable period
Jun 18, 2001	1,178,000	(1,178,000)	–	–	0.05	Jun 18, 2002 to Jun 17, 2011
Jun 18, 2002	1,580,000	–	–	1,580,000	0.07	Jun 18, 2003 to Jun 17, 2012
Apr 7, 2003	5,080,000	–	–	5,080,000	0.01	Apr 7, 2004 to Apr 6, 2013
Mar 8, 2004	7,650,000	–	–	7,650,000	0.10	Mar 8, 2005 to Mar 7, 2014
Aug 5, 2004	90,000	–	–	90,000	0.10	Aug 5, 2005 to Aug 4, 2014
Apr 1, 2005	5,490,000	–	–	5,490,000	0.07	Apr 1, 2006 to Mar 31, 2015
Apr 3, 2006	955,000	–	–	955,000	0.04	Apr 3, 2007 to Apr 2, 2016
Feb 1, 2007	900,000	–	–	900,000	0.05	Feb 1, 2008 to Jan 31, 2017
	22,923,000	(1,178,000)	–	21,745,000		

There were no options granted during the year.

5 SHARE OPTIONS (Cont'd)

c) The members of the Compensation Committee administering the 2001 Scheme are Messrs Lee Ying Cheun (Chairman), Natarajan Subramaniam and Ting Sii Tien @ Yao Sik Tien.

d) There were no options given to directors, principal shareholders or their associates under the 2001 Scheme, except as disclosed below. In addition, none of the grantees received more than 5% of the options available under the 2001 Scheme.

e) Details of the options granted under the 2001 Scheme are as follows:

   (i) A grantee may exercise an option during the Option Period (as defined in the 2001 Scheme).

   (ii) Persons selected to participate in the 2001 Scheme are also not restricted from participating (if they are eligible) in any other share option or incentive scheme implemented by any other corporation, whether within the Group or otherwise.

f) There were no options granted at a discount during the year.

g) There are no participants of the 2001 Scheme who are directors or employees of the Company's related parties.

h) There are no options granted on the ordinary shares of the subsidiaries in the Group.

The details of the options granted under the 2001 Scheme to persons who were directors of the Company during the year are as follows:

Name of director	Aggregate options granted since commencement of the Scheme to the end of year	Aggregate options exercised since commencement of the Scheme to the end of year	Aggregate options lapsed/ expired since commencement of the Scheme to the end of year	Aggregate options outstanding as at the end of year
Jasvinder Singh Thakral	5,200,000	–	–	5,200,000
Natarajan Subramaniam	1,850,000	–	(1,850,000)	–
Lee Ying Cheun	1,850,000	–	(1,850,000)	–

6 AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are non-executive and independent directors. The members of the Committee are:

Natarajan Subramaniam (Chairman)
Lee Ying Cheun
Pratap Chinnan Nambiar

The Audit Committee met five times since the last Annual General Meeting ("AGM") and reviewed the following, where relevant, with the executive management and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and full year announcements as well as the related press releases of the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

Report of the Directors

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Mr Kartar Singh Thakral

Mr Inderbethal Singh Thakral

Date: March 26, 2012

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company as set out on pages 41 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011, and of the results, changes in equity and cash flows of the Group, and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE BOARD

Mr Kartar Singh Thakral

Mr Inderbethal Singh Thakral

Date: March 26, 2012

Independent Auditors' Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 94.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore
Date: March 26, 2012

Statements of Financial Position

DECEMBER 31, 2011

	Note	Group 2011 S$'000	Group 2010 S$'000	Company 2011 S$'000	Company 2010 S$'000
ASSETS					
Current assets					
Inventories	7	53,220	41,583	–	–
Held-to-maturity financial asset	8	6,206	–	–	–
Trade receivables	9	29,863	30,106	–	–
Other receivables and prepayments	10	6,333	7,676	2,305	2,289
Cash and bank balances	11	38,339	33,189	483	844
Total current assets		133,961	112,554	2,788	3,133
Non-current assets					
Property, plant and equipment	12	6,453	4,132	19	28
Investment properties	13	12,930	12,176	–	–
Investment properties under development	14	13,367	–	–	–
Investments in subsidiaries	15	–	–	98,410	96,649
Loan receivable	16	2,433	–	–	–
Pledged fixed deposits	11	14,902	–	–	–
Available-for-sale investments	17	14,772	18,106	–	–
Total non-current assets		64,857	34,414	98,429	96,677
Total assets		198,818	146,968	101,217	99,810
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	17,355	6,629	–	–
Bills payable and trust receipts	19	7,482	14,468	–	–
Bank overdrafts and loans	20	30,587	7,282	–	–
Other payables	21	14,549	11,295	402	625
Provisions	22	2,076	2,086	27	–
Income tax payable		1,506	1,020	–	–
Total current liabilities		73,555	42,780	429	625
Non-current liabilities					
Loans from real estate funding partner	23	7,145	–	–	–
Deferred tax liability	24	638	606	–	–
Total non-current liabilities		7,783	606	–	–
Capital, reserves and non-controlling interests					
Issued capital	25	72,531	72,531	72,531	72,531
Reserves	26	39,395	27,453	28,257	26,654
Equity attributable to equity holders of the Company		111,926	99,984	100,788	99,185
Non-controlling interests		5,554	3,598	–	–
Total equity		117,480	103,582	100,788	99,185
Total liabilities and equity		198,818	146,968	101,217	99,810

See accompanying notes to financial statements.

Consolidated Income Statement

YEAR ENDED DECEMBER 31, 2011

		Group	
	Note	2011	2010
		S$'000	S$'000
Revenue	28	363,718	409,299
Cost of sales		(325,295)	(385,237)
Gross profit		38,423	24,062
Other operating income	29	874	32,876
Distribution costs		(5,802)	(5,169)
Administrative expenses		(20,428)	(14,917)
Other operating expenses		(1,070)	(473)
Finance income		876	909
Finance costs	30	(1,260)	(143)
Valuation gains on investment properties	13	474	2,070
Profit before income tax		12,087	39,215
Income tax expense	31	(2,169)	(1,396)
Profit for the year	32	9,918	37,819
Attributable to:			
Equity holders of the Company		8,271	37,542
Non-controlling interests		1,647	277
		9,918	37,819
Basic earnings per share (cent)	34	0.32	1.44
Diluted earnings per share (cent)	34	0.32	1.44

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

YEAR ENDED DECEMBER 31, 2011

	Group	
	2011	**2010**
	S$'000	**S$'000**
Profit for the year	9,918	37,819
Other comprehensive income		
Translation gain (loss) arising on consolidation	4,227	(8,465)
Reclassification to income statement from equity upon disposal of available-for-sale investments	–	(29,235)
Revaluation surplus on transfer of property from properties, plant and equipment to investment properties	2,111	–
Net fair value changes in available-for-sale investments	205	2,833
Other comprehensive income (loss) for the year, net of tax	6,543	(34,867)
Total comprehensive income for the year	16,461	2,952
Total comprehensive income attributable to:		
Equity holders of the Company	14,554	2,881
Non-controlling interests	1,907	71
	16,461	2,952

See accompanying notes to financial statements.

Statement of Changes in Equity

YEAR ENDED DECEMBER 31, 2011

Group	Issued capital	Asset revaluation reserve	Fair value adjustment reserve	Options reserve	Translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at January 1, 2010	203,134	687	33,894	759	(12,506)	1,738	227,706	3,527	231,233
Total comprehensive income for the year	–	(62)	(26,402)	–	(8,197)	37,542	2,881	71	2,952
Issue of shares on exercise of employees' share options (Note 25)	3	–	–	–	–	–	3	–	3
Capital reduction (Note 25)	(130,606)	–	–	–	–	–	(130,606)	–	(130,606)
Balance at December 31, 2010	72,531	625	7,492	759	(20,703)	39,280	99,984	3,598	103,582
Total comprehensive income for the year	–	2,286	205	–	3,792	8,271	14,554	1,907	16,461
Dividends (Note 33)	–	–	–	–	–	(2,612)	(2,612)	–	(2,612)
Non-controlling interests arising on establishment of a subsidiary	–	–	–	–	–	–	–	49	49
Balance at December 31, 2011	72,531	2,911	7,697	759	(16,911)	44,939	111,926	5,554	117,480

Company	Issued capital	Fair value adjustment reserve	Options reserve	(Accumulated losses)/ Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at January 1, 2010	203,134	32,600	759	(9,876)	226,617
Total comprehensive income for the year	–	(32,600)	–	35,771	3,171
Capital reduction (Note 25)	(130,606)	–	–	–	(130,606)
Issue of shares on exercise of employees' share options (Note 25)	3	–	–	–	3
Balance at December 31, 2010	72,531	–	759	25,895	99,185
Total comprehensive income for the year	–	–	–	4,215	4,215
Dividends (Note 33)	–	–	–	(2,612)	(2,612)
Balance at December 31, 2011	72,531	–	759	27,498	100,788

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2011

	Group	
	2011	2010
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	12,087	39,215
Adjustments for:		
Depreciation expense	466	473
Dividend income and investment income	(5,033)	–
Finance lease charges	–	3
Interest expense	1,260	140
Interest income	(876)	(909)
Gain on disposal of property, plant and equipment	(309)	(1,481)
Gain on disposal of available-for-sale investments	–	(28,722)
Valuation gains on investment properties	(474)	(2,070)
Net foreign exchange loss	423	84
Reversal of impairment charges and provisions for planned closure	–	(152)
Allowance for impairment in value of available-for-sale investments	17	15
Impairment charges for properties, plant and equipment	153	–
Allowance for inventories	806	1,194
Allowance for doubtful trade receivables	2,119	94
Allowance for (reversal of) doubtful other receivables	469	(272)
Operating cash flows before movements in working capital	11,108	7,612
Trade receivables	(1,121)	5,497
Other receivables and prepayments	1,458	(1,791)
Inventories	(10,301)	(17,662)
Trade payables	9,872	2,648
Other payables and provisions	2,783	493
Cash from (used in) operations	13,799	(3,203)
Dividends received	2,729	–
Income tax paid	(1,699)	(1,224)
Finance lease charges paid	–	(3)
Interest paid	(1,297)	(97)
Interest received	361	1,214
Net cash from (used in) operating activities	13,893	(3,313)

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2011

	Group	
	2011	2010
	S$'000	S$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(645)	(304)
Proceeds from disposal of property, plant and equipment	310	2,002
Proceeds from disposal of available-for-sale investments	4,480	30,705
Additions to investment properties under development	(13,288)	–
Additions to held-to-maturity financial asset	(5,310)	–
Additions to loan receivable	(2,323)	–
Additions to available-for-sale investments	–	(3,612)
Net cash (used in) from investing activities	(16,776)	28,791
FINANCING ACTIVITIES		
Cash distribution on capital reduction	–	(130,606)
Cash from non-controlling interests on establishment of a subsidiary	49	–
Dividends paid	(2,612)	–
Net proceeds from issue of shares on exercise of employees' options	–	3
Net repayment of obligations under finance lease	–	(92)
(Increase) decrease in fixed deposits with maturities exceeding three months	(3,446)	80,964
Increase in pledged bank deposits	(11,748)	(2,011)
Decrease in bills receivable	–	971
(Decrease) increase in bills payable and trust receipts	(7,319)	10,261
Increase in loans from real estate funding partner	7,066	–
Increase in bank loans	23,965	6,544
Net cash from (used in) financing activities	5,955	(33,966)
Net increase (decrease) in cash and cash equivalents	3,072	(8,488)
Cash and cash equivalents at beginning of year (Note 11)	24,027	35,590
Net effect of exchange rate changes in the balance of cash held in foreign currencies	1,967	(3,075)
Cash and cash equivalents at end of year (Note 11)	29,066	24,027

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199306606E) is incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at 20 Upper Circular Road #03-06 The Riverwalk, Singapore 058416. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of investment holding.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the year ended December 31, 2011 were authorised for issue by the Board of Directors on March 26, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to Presentation of Items of Other Comprehensive Income*
- Amendments to FRS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*
- Amendments to FRS 19 *Employee Benefits*
- FRS 110 *Consolidated Financial Statements*
- FRS 113 *Fair Value Measurement*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial application except for the following:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amendments to FRS 12 Income Taxes

The amendments introduce an exception to the principle when deferred tax assets or deferred tax liabilities arise from:

- investment property measured using the fair value model in FRS 40 Investment Property; and
- investment property acquired in a business combination if it is subsequently measured using the fair value model in FRS 40.

Currently, the Group measures deferred tax assets and deferred tax liabilities arising from investment properties to reflect the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of its investment properties (which may differ depending on whether the recovery is from use or from sale or from both). Such manner of recovery was based on estimates of future transactions based on current intention.

The amendments introduce a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The amendments are effective for annual periods beginning on or after January 1, 2012. Early application is permitted. In the period of initial adoption, the changes related to deferred taxes will be applied retrospectively with restatement of the comparative information. The Group has not rebutted the presumption and has provided for deferred taxes on the basis that the carrying amounts of its investment properties will be recovered entirely from sale. The estimated effect of retrospective application is a decrease in deferred tax liability by S$7,000 (2010 : S$540,000), increase in profit after income tax of S$Nil (2010 : S$373,000) and increase in retained earnings of S$588,000 (2010 : S$588,000). The change in accounting policy has no material impact on the earnings per share.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) and the financial statement of the subsidiaries are made up to December 31 for each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of certain subsidiaries have not been prepared on a going-concern basis for the consolidated financial statements as management intends to cease the operations or liquidate these subsidiaries. Accordingly, assets and liabilities are carried at net realisable (settlement) values and all liabilities and known losses have been provided for as at the end of each reporting period and all assets and liabilities have been classified as current assets and current liabilities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF CONSOLIDATION (Cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

SPECIAL PURPOSE ENTITY – Controlled entities are those entities, including special purpose entities (SPEs), over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control rather than ownership interest is the sole criterion for determining a parent entity relationship. SPEs require consolidation in circumstances such as those where the Group has access to the majority of the residual income or is exposed to the majority of the residual risk associated with the SPE. SPEs are consolidated in the consolidated financial statements under INT FRS 12, Consolidation – Special Purpose Entities.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BUSINESS COMBINATIONS (Cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statements of financial position when the Group and Company become a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "held-to-maturity investments", "available-for-sale" financial assets and "loan and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Held-to maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company and the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Derivative financial instruments

From time to time and in the normal course of business, the Group may enter into forward exchange contracts to hedge its currency exposure arising from firm commitments to suppliers for the purchase of goods.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are measured at the lower of cost (weighted average cost method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives using the straight-line method, on the following bases:

Leasehold land	-	43 to 50 years
Leasehold buildings	-	40 years or the unexpired term of the lease, whichever is earlier
Plant and equipment	-	4 to 10 years
Leasehold improvements, furniture and fixtures	-	4 to 10 years
Motor vehicles	-	5 years

Depreciation is charged by the People's Republic of China (PRC) subsidiaries of the Group so as to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method, on the above bases, but leaving a residual value between 5% to 10% of the respective assets.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The allocation of the cost of leasehold properties between land and buildings has been determined by Colliers International, Hong Kong (which is an independent firm of valuers).

Fully depreciated assets still in use are retained in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment properties, which are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at valuation on an open market value for existing use basis. Professional desktop valuations are obtained annually while professional full valuations are obtained at least once in 3 years. Gains or losses arising from changes in the fair value of the investment properties are included in the profit or loss for the period in which they arise.

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

SHARE-BASED PAYMENTS – From time to time, the Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Details of the determination of fair value of such options are disclosed in Note 27.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of services is recognised on an accrual basis for services performed in accordance with the substance of the relevant agreement.

Management fees

Management fee income from subsidiaries is recognised on an accrual basis.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when employees have rendered the services entitling them to the contributions.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

EMPLOYEE LONG SERVICE PAYMENT – The provision for long service is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INCOME TAX (Cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are discussed below.

Allowances for inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements. The carrying amount of the Group's inventories is disclosed in Note 7.

Allowances for receivables

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade and other receivables are disclosed in Notes 9 and 10 respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty **(Con'd)**

Impairment for investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the investment in subsidiaries as at the end of the reporting period. Management has estimated the recoverable amount based on the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiaries. The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. The carrying amounts of the Company's investments in subsidiaries are disclosed in Note 15.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
Held-to-maturity investments	6,206	–	–	–
Loans and receivables (including cash and bank balances)	90,198	68,490	2,755	3,082
Available-for-sale financial assets	14,772	18,106	–	–
Financial Liabilities				
Amortised cost	71,925	33,026	402	625

(b) Financial risk management policies and objectives

The Group's overall policy with respect to managing risk arising in the normal course of the Group's business as well as that associated with financial instruments is to minimise the potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarised below.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables, other receivables and prepayments. Cash and cash equivalents are placed with credit-worthy financial institutions. The Group has adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Credit evaluations are performed on customers requiring credit over a certain amount. Where appropriate, security deposits, post dated cheques, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(i) Credit risk management (Cont'd)

The carrying amount of financial assets recorded in the financial statements, which are net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Further details of credit risks on trade and other receivables which are provided to key management are disclosed in Notes 9 and 10 respectively.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as about 46% (2010 : 42%) of the total trade and other receivables were due from the Group's ten largest customers. As at December 31, 2011, the Group holds security cheques and deposits from customers representing about 26% (2010 : 24%) of the above concentration risk.

(ii) Interest rate risk management

The primary source of the Group's interest rate risk relates to interest bearing bank deposits and its borrowings from banks and financial institutions. The interest bearing borrowings of the Group are disclosed in Notes 19, 20 and 23 to the financial statements. As certain rates are based on interbank offer rates, the Group is exposed to cash flow interest rate risk. This risk is not hedged. Interest bearing assets and liabilities are short to medium-term in nature, and any variation in the interest rates is not expected to have a material impact on the results of the Group.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest bearing financial liabilities at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit for the year ended December 31, 2011 of the Group and Company would increase/decrease by S$21,000 and S$Nil respectively (2010 : profit increase/ decrease by S$3,000 and S$Nil respectively).

(iii) Foreign exchange risk management

The Group's foreign exchange exposures arise mainly from the inter-se exchange rate movements of the United States dollar, the Chinese renminbi, the Hong Kong dollar, the Indian rupee, the Japanese yen and the Australian dollar vis-a-vis the Singapore dollar which is also the Group's reporting currency. The Group is also exposed to fluctuations in the Australian dollar by virtue of its investments denominated in this currency.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(iii) Foreign exchange risk management (Cont'd)

The Group is also exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than Hong Kong dollars, the functional currency of the significant subsidiaries based in Hong Kong. The currencies giving rise to this risk are primarily Japanese yen and the United States dollar. Foreign exchange exposures are monitored by management on an ongoing basis. Foreign currencies received are kept in foreign currency accounts and are converted to the respective functional currencies of the Group companies on an as-needed basis so as to minimise the foreign exchange exposure.

The Group does not enter into derivative foreign exchange contracts for trading purposes.

At the end of the reporting period, the carrying amounts of monetary assets, monetary liabilities and available-for-sale investments denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2011	2010	2011	2010	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	27,736	26,303	16,199	14,712	27	14	–	1
Australian dollars	8	14,444	15	–	4	–	15	–
Hong Kong dollars	2,279	2,871	72,710	66,209	2,251	2,844	24,640	20,095
Singapore dollars	39	41	1,717	1,008	–	–	–	–
Chinese renminbi	5,874	3,837	150	201	–	–	–	–
Japanese yen	134	80	–	–	–	–	–	–

The above carrying amounts include intercompany balances that are not denominated in the functional currencies of the respective entities and are eliminated on consolidation (Note 5).

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase or decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss and/or equity.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(iii) Foreign exchange risk management (Cont'd)

Foreign currency sensitivity (Cont'd)

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit or loss and other equity will increase or (decrease) by:

	United States dollar impact		Chinese renminbi impact		Hong Kong dollar impact		Australian dollar impact		Singapore dollar impact	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Profit for the year	(1,079)	(1,183)	(553)	(388)	6,876	6,612	1	–	162	102
Other equity	(74)	24	(19)	24	167	(278)	–	(1,444)	6	(5)
Company										
Profit for the year	(3)	(1)	–	–	2,239	1,725	1	–	–	–
Other equity	–	–	–	–	–	–	–	–	–	–

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit for the year and other equity will increase or (decrease) by:

	United States dollar impact		Chinese renminbi impact		Hong Kong dollar impact		Australian dollar impact		Singapore dollar impact	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Profit for the year	1,079	1,183	553	388	(6,876)	(6,612)	(1)	–	(162)	(102)
Other equity	74	(24)	19	(24)	(167)	278	–	1,444	(6)	5
Company										
Profit for the year	3	1	–	–	(2,239)	(1,725)	(1)	–	–	–
Other equity	–	–	–	–	–	–	–	–	–	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(iv) Liquidity risk management

The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations. To manage this risk, the Group monitors its net operating cashflow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows.

The Group also utilises overdrafts and loans from financial institutions for working capital purposes.

Non-derivative financial liabilities

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2011					
Non-interest bearing	–	26,711	–	–	26,711
Variable interest rate instruments	4.61%	31,878	3,737	(1,594)	34,021
Fixed interest rate instruments	7.98%	7,693	5,653	(2,153)	11,193
		66,282	9,390	(3,747)	71,925
2010					
Non-interest bearing	–	11,276	–	–	11,276
Variable interest rate instruments	2.54%	7,382	–	(100)	7,282
Fixed interest rate instruments	2.58%	14,841	–	(373)	14,468
		33,499	–	(473)	33,026

As disclosed in Note 20, the Group has a repayable on demand 10-year mortgage loan which has been classified as a current liability in view of a clause in the loan agreement whereby the lender has the right to demand repayment at its discretion. However, management expects to repay the monthly instalments and a final bullet payment in 2020 as per the agreed schedule and thus avoid the need for the lender to demand early repayment.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value:

Group	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
2011				
Available-for-sale investments:				
Quoted equities	14,736	14,736	–	–
Club debenture	36	–	36	–
	14,772	14,736	36	–
2010				
Available-for-sale investments:				
Quoted equities	14,444	14,444	–	–
Club debenture	50	–	50	–
Unquoted finance fund	3,612	–	–	3,612
	18,106	14,444	50	3,612

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (Cont'd)

(v) Fair value of financial assets and financial liabilities (Cont'd)

Financial assets measured at fair value based on level 3

Group	Available-for-sale investments (unquoted finance fund)
	S$'000
As at January 1, 2010	–
Purchases	3,612
As at December 31, 2010	3,612
Redemption	(3,612)
As at December 31, 2011	–

(vi) Derivative financial instrument risk

It is the Group's policy not to trade in derivative contracts. From time to time and in the normal course of business, the Group may enter into forward exchange contracts to hedge its currency exposure arising from firm commitments to suppliers for the purchase of goods.

The exchange gain/loss on the forward exchange contracts is dealt with in the same manner as the underlying hedged items.

As at December 31, 2011 and 2010, the Group did not have any outstanding commitments.

(vii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Further details of these equity investments can be found in Note 17 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the quoted price had been 10% higher while all other variables were held constant, the Group's fair value adjustment reserve would increase by S$1,474,000 (2010 : increase by S$1,444,000). If the quoted price had been 10% lower while all other variables are held constant, the Group's profit for the year would not be affected and the Group's fair value adjustment reserve would decrease by S$1,474,000 (2010 : decrease by S$1,444,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 19, 20 and 23 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 25 and 26. A direct subsidiary of the Company is required to maintain a minimum net worth level in order to comply with a covenant for a trade finance facility from a bank. The subsidiary is also required to maintain a minimum loan-to-security value ratio in order to comply with a covenant in a loan agreement with a bank. The subsidiary is in compliance with externally imposed capital requirements for the financial years ended December 31, 2011 and 2010.

The review of the Group's capital risk management policies and objectives is conducted by the Audit Committee and the Board. The Group's overall strategy remains unchanged from 2010.

5 RELATED COMPANY TRANSACTIONS

Some of the Company's transactions and arrangements are with the subsidiaries in the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. Balances due to/from subsidiaries are unsecured, interest-free and repayable on demand.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are therefore not disclosed in this note.

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Balances due to related parties are unsecured, interest-free and repayable on demand.

Significant transactions with related parties were as follows:

	Group	
	2011	**2010**
	S$'000	**S$'000**
Sales, net of returns	1,318	1,421
Purchases, net of returns	(31,680)	(12,875)
Service fees paid	(16)	(100)
Commission paid	(166)	(189)
Commission income	259	301
Lease payments under operating lease	(84)	(205)

6 RELATED PARTY TRANSACTIONS (Cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2011	**2010**
	S$'000	**S$'000**
Short-term benefits	5,829	4,972

The remuneration of directors and key management is determined by the Compensation Committee having regard to the performance of individuals and market trends.

7 INVENTORIES

	Group	
	2011	**2010**
	S$'000	**S$'000**
Properties held for sale	712	2,827
Finished goods and goods for resale	52,385	38,389
Raw materials	61	177
Work-in-progress	62	190
	53,220	41,583

The cost of inventories recognised as an expense includes a charge of S$806,000 (2010 : S$1,194,000) in respect of allowance for inventories to net realisable value.

Further information in relation to the properties held for sale is as follows:

Description & Location	**% Owned**	**Gross floor area (square metres)**	**Stage of completion as at December 31, 2011 and 2010**
Commercial units in 2-storey low-rise buildings along Jiao Tong Road South, Wujiang, Jiangsu Province, People's Republic of China	55	1,922	100%

8 HELD-TO-MATURITY FINANCIAL ASSET

	Group	
	2011	2010
	S$'000	S$'000
Unquoted finance units, at amortised cost	6,206	–

The held-to-maturity units, denominated in Australian dollars, are secured by fixed and floating charges over the assets and shares in the assets of and shares in the issuer as well as a call option over the shares in the issuer. The Group's investment is subordinated to the other investors. An indirect subsidiary of the Group also acts as the security trustee for all the investors and in this capacity holds second ranking (behind the senior secured lender) fixed and floating charges over the project assets, including the interest in the property being developed, a mortgage over the shares in the developer entity as well as guarantees from the developer's directors and shareholders.

As at December 31, 2011, the unquoted finance units have nominal value amounting to S$5,310,000, with effective interest rate of 25% (2010: Nil) per annum and matures on July 1, 2012.

9 TRADE RECEIVABLES

	Group	
	2011	2010
	S$'000	S$'000
Trade receivables from external parties	33,393	33,691
Trade receivables from related party (Note 6)	173	–
Allowances for doubtful trade receivables	(3,703)	(3,585)
	29,863	30,106

Movements in allowances for doubtful trade receivable were as follows:

	Group	
	2011	2010
	S$'000	S$'000
Balance at beginning of year	3,585	4,507
Translation adjustment	182	(319)
Increase (decrease) in allowance recognised in profit or loss	2,047	(61)
Amounts written-off	(2,111)	(542)
Balance at end of year	3,703	3,585

The average credit period on sale of goods is 30 days (2010 : 30 days). No interest is charged on the overdue trade receivables.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of S$3,703,000 (2010 : S$3,585,000). This allowance has been determined by reference to past default experience.

9 TRADE RECEIVABLES (Cont'd)

Included in the Group's trade receivables balance are debtors with a carrying amount of S$3,755,000 (2010 : S$8,306,000) which are past due at the end of the reporting period for which the Group has not made any allowance as there has not been a significant change in credit quality and these amounts are still considered recoverable. The Group does not hold any collateral over these balances except for security cheques and deposits from certain customers.

	Group	
	2011	2010
	S$'000	S$'000
(i) Aging of receivables that are past due but not impaired		
< 3 months	3,041	7,403
3 months to 6 months	262	772
> 6 months	452	131
Total	3,755	8,306

The Group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	S$'000	S$'000
Singapore dollars	–	2
United States dollars	6,686	9,539

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Deposits	1,348	651	14	14
Advances to suppliers	1,347	2,173	–	–
VAT/Tax recoverable	1,778	3,282	2	–
Prepayments	325	308	33	51
Interest receivable	61	57	–	–
Dividends receivable	–	–	2,251	2,224
Others	1,975	1,756	5	–
Allowances for doubtful other receivables	(501)	(551)	–	–
	6,333	7,676	2,305	2,289

10 OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

Movements in allowances for doubtful other receivables were as follows:

	Group	
	2011	2010
	S$'000	S$'000
Balance at beginning of year	551	1,211
Translation adjustment	(36)	(75)
Increase (decrease) in allowance recognised in profit or loss	469	(293)
Amounts written-off	(483)	(292)
Balance at end of year	501	551

Included in advances to suppliers is an amount of S$183,000 (2010 : S$2,000) paid to a related party for the supply of goods. The amounts advanced to suppliers are unsecured, interest-free and repayable on demand.

The Company's and Group's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	29	–	–	–
United States dollars	1,047	781	–	–
Chinese renminbi	1	–	–	–
Hong Kong dollars	–	–	2,251	2,224

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	13,745	19,532	–	–
Cash and bank balances	24,594	13,657	483	844
Current	38,339	33,189	483	844
Pledged fixed deposits	14,902	–	–	–
Non-current	14,902	–	–	–
Total	53,241	33,189	483	844
Less:				
Fixed deposits with maturities exceeding three months	(8,523)	(5,077)	–	–
Fixed deposits that have been pledged to banks against bills payables and trust receipts	(750)	(3,347)	–	–
Fixed deposits that have been pledged to banks as security for bank loans	(14,902)	–	–	–
Bank overdrafts (Note 20)	–	(738)	–	–
Cash and cash equivalents	29,066	24,027	483	844

Fixed deposits bear interest at an average effective interest rate of 3.64% (2010 : 1.40%) per annum and for a weighted average tenure of approximately 653 days (2010 : 120 days).

The Company's and Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	10	39	–	–
United States dollars	4,754	4,377	27	14
Chinese renminbi	5	–	–	–
Hong Kong dollars	28	647	–	620
Japanese yen	1	1	–	–
Malaysian Ringgit	9	–	–	–
Australian dollars	8	–	4	–

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and equipment	Leasehold improvements, furniture and fixtures	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Cost:					
At January 1, 2010	5,848	5,126	1,096	899	12,969
Translation adjustments	(324)	(205)	(54)	(24)	(607)
Additions	–	101	61	142	304
Disposals	(727)	(47)	(233)	(235)	(1,242)
At December 31, 2010	4,797	4,975	870	782	11,424
Translation adjustments	142	176	21	29	368
Transfer to investment properties	(2,334)	–	–	–	(2,334)
Transfer from investment properties	3,518	–	–	–	3,518
Additions	–	256	299	90	645
Disposals	–	(2,495)	(77)	(8)	(2,580)
At December 31, 2011	6,123	2,912	1,113	893	11,041
Accumulated depreciation:					
At January 1, 2010	1,504	2,927	802	506	5,739
Translation adjustments	(130)	(140)	(34)	(14)	(318)
Depreciation	83	220	85	85	473
Disposals	(197)	(25)	(229)	(157)	(608)
At December 31, 2010	1,260	2,982	624	420	5,286
Translation adjustments	23	131	21	21	196
Transfer to investment properties	(977)	–	–	–	(977)
Depreciation	88	215	92	71	466
Disposals	–	(1,251)	(76)	(5)	(1,332)
At December 31, 2011	394	2,077	661	507	3,639
Impairment:					
At January 1, 2010	373	1,739	–	–	2,112
Translation adjustments	(33)	(51)	–	–	(84)
Disposals	–	(22)	–	–	(22)
At December 31, 2010	340	1,666	–	–	2,006
Translation adjustments	4	37	–	(4)	37
Impairment loss recognised	–	117	–	36	153
Disposals	–	(1,247)	–	–	(1,247)
At December 31, 2011	344	573	–	32	949
Carrying amount:					
At December 31, 2011	5,385	262	452	354	6,453
At December 31, 2010	3,197	327	246	362	4,132

12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group has pledged leasehold land and buildings having a carrying amount of approximately S$3,485,000 (2010 : S$1,376,000) to secure banking facilities granted to the Group.

	Plant and equipment	Leasehold improvements, furniture and fixtures	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000
Company				
Cost:				
At January 1, 2010	1,394	95	110	1,599
Additions	–	6	–	6
Disposal	–	–	(110)	(110)
At December 31, 2010	1,394	101	–	1,495
Additions	–	1	–	1
Disposal	(1,392)	–	–	(1,392)
At December 31, 2011	2	102	–	104
Accumulated depreciation:				
At January 1, 2010	582	60	11	653
Disposal	–	–	(32)	(32)
Depreciation	–	13	21	34
At December 31, 2010	582	73	–	655
Disposal	(580)	–	–	(580)
Depreciation	–	10	–	10
At December 31, 2011	2	83	–	85
Impairment:				
At January 1, 2010 and December 31, 2010	812	–	–	812
Disposal	(812)	–	–	(812)
At December 31, 2011	–	–	–	–
Carrying amount:				
At December 31, 2011	–	19	–	19
At December 31, 2010	–	28	–	28

13 INVESTMENT PROPERTIES

	Group	
	2011	2010
	S$'000	S$'000
Leasehold land and buildings:		
People's Republic of China	12,930	12,176
Total	12,930	12,176
Movements in investment properties were as follows:		
Balance at beginning of year	12,176	11,249
Valuation gains for the year recognised in income statement	474	2,070
Transfer from property, plant and equipment at fair value	3,468	–
Transfer to property, plant and equipment at fair value	(3,518)	–
Translation adjustment	330	(1,143)
Balance at end of year	12,930	12,176

The investment properties in People's Republic of China (including Hong Kong) which are stated at valuation were valued on December 31, 2011 by Colliers International (HK) Ltd. (which is an independent firm of professional valuers), on an open market basis (2010 : valued on open market desktop basis).

During the year, the Group recorded valuation gains on investment properties amounting to S$474,000 (2010 : S$2,070,000) in profit or loss.

The property rental income from the Group's investment properties leased out under operating leases amounted to S$468,000 (2010 : S$418,000). Direct operating expenses (including repairs and maintenance) arising from the investment properties that generated rental income during the year amounted to S$104,000 (2010 : S$71,000).

The Group has pledged investment properties having a carrying amount of approximately S$11,438,000 (2010 : S$10,791,000) to secure banking facilities granted to the Group.

Details of the Group's significant investment properties are as follows:

Description and location	Existing use	Leasehold or freehold	Tenure and unexpired lease term
Dongshan Plaza, Guangzhou, PRC	Office	Leasehold	35 years till January 23, 2045
Wah Tung Godown Building, Kowloon, Hong Kong, PRC	Warehouse	Leasehold	37 years till June 30, 2047
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	57 years till January 5, 2067

14 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group	
	2011	2010
	S$'000	S$'000
Costs	13,367	–
	13,367	–

The following amounts were capitalised as cost of investment properties under development during the year:

Interest expense	79	–

Investment properties under development are being developed by a third party.

Further information in relation to investment properties under development is as follows:

Description & Location	% Owned	Gross floor area (ha)	Stage of completion as at December 31, 2011	Expected completion date
45 residential units in the city of Gladstone, Queensland, Australia	100	3.3	28%	June 28, 2012

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	S$'000	S$'000
Carrying value of investments in subsidiaries	98,410	96,649

Movements in impairment loss for investments in subsidiaries and allowance for loans due from subsidiaries were as follows:

	Company	
	2011	2010
	S$'000	S$'000
Balance at beginning of year	223,848	220,582
(Reversal of allowance) impairment loss for loans	(5,633)	3,266
Balance at end of year	218,215	223,848

As at December 31, 2011, the Company has net loans to subsidiaries amounting to S$78,217,000 (2010 : S$82,116,000) which are fully impaired.

During the year, reversal of impairment loss for loans due from subsidiaries amounting to approximately S$5,633,000 (2010 : allowance of S$3,266,000) was recognised in the Company's income statement in relation to the carrying values of certain investments in subsidiaries.

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

The principal subsidiaries of the Company and the Group are as follows:

Name of subsidiary	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2011	2010	2011	2010	
		S$'000	S$'000	%	%	
Thakral Corporation (HK) Limited (3)	Hong Kong	229,638	229,638	100	100	Trading in consumer electronics products
Thakral Brothers Limited (2)	Japan	7,543	7,543	100	100	Trading in consumer electronics products
Thakral Overseas Pte Ltd	Singapore	1,200	1,200	100	100	Investment holding
New Function Ltd (3)	BVI	13	*	100	100	Investment holding
Thakral Pan Asia Property Holdings Pte Ltd	Singapore	#	#	100	100	Investment holding
Thakral China Ltd (4)	People's Republic of China	*	*	100	100	Investment holding
Thakral Electronics (Shanghai) Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Thakral (Chengdu) Digital Technology Development Co Ltd (1)	People's Republic of China	*	*	100	100	Development and sale of electronics products
Wu Jiang Dafa Real Estate Development Co Ltd (1)	People's Republic of China	*	*	55	55	Property development and rental management
Guangzhou Jia Xin Trade Co Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Shanghai Tetronics Co Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Hanbest Limited (3)	Hong Kong	*	*	100	100	Investment holding
Menway (Hong Kong) Limited (3)	Hong Kong	*	*	100	100	Investment holding

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2011	2010	2011	2010	
		S$'000	S$'000	%	%	
TCAP Pte Ltd **	Singapore	*	–	51	–	Origination, execution, and management of investment opportunities
TCAP Australia Pty Ltd (1) **	Australia	*	–	51	–	Origination, execution and management of, investment opportunities
LNG Unit Trust (1) **	Australia	*	–	100	–	Property development
		238,394	238,381			

* Held by subsidiaries

** The subsidiaries were incorporated during the year

Cost less than S$1,000

The above subsidiaries are audited by Deloitte & Touche LLP, Singapore except for subsidiaries that are indicated below:

(1) Audited by other member firms of Deloitte Touche Tohmatsu Limited

(2) Audited by Matsui C.P.A. Office, Japan

(3) Audited by Moore Stephens, Hong Kong

(4) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd

16 LOAN RECEIVABLE

	Group	
	2011	2010
	S$'000	S$'000
Loan receivable, at amortised cost	2,433	–

The loan receivable, denominated in Australian dollars, is unsecured. The effective interest rate of the loan receivable is 15% (2010: Nil) per annum.

17 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2011	2010
	S$'000	S$'000
At fair value:		
Quoted equity shares	14,736	14,444
Unquoted finance fund	–	3,612
	14,736	18,056
Club debenture	389	363
Allowance for impairment in value	(353)	(313)
	36	50
Total	14,772	18,106

Investments in quoted equity shares offer the Company and the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these shares is based on the quoted closing market prices on the last market day of the year.

The Group's investment in unquoted finance fund units was redeemed during the year. The fair value of the unquoted finance fund units was based on the Group's share of the net assets of the fund.

The Group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	S$'000	S$'000
Australian dollars	–	14,444

In 2011, the quoted equity shares were transferred to another subsidiary whose functional currency is Australian dollars.

18 TRADE PAYABLES

	Group	
	2011	2010
	S$'000	S$'000
Outside parties	17,236	6,524
Due to related party (Note 6)	119	105
	17,355	6,629

The average credit period on purchases of goods is 13 days (2010 : 5 days).

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

18 TRADE PAYABLES (Cont'd)

The Group's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	**2010**
	S$'000	**S$'000**
United States dollars	847	4,788

19 BILLS PAYABLE AND TRUST RECEIPTS

Bills payable and trust receipts represent short term financing provided by banks at market interest rates for the purchase of goods.

The Group's trust receipts and bills payable that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	**2010**
	S$'000	**S$'000**
United States dollars	7,482	9,920

The bills payable and trust receipts are secured by certain fixed deposits placed with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company.

20 BANK OVERDRAFTS AND LOANS

	Group	
	2011	**2010**
	S$'000	**S$'000**
Bank loans	30,587	6,544
Bank overdrafts (Note 11)	–	738
	30,587	7,282

The Group's term loan of S$6,336,000 (2010 : S$6,544,000) is a 10-year mortgage loan and is expected to be repaid by monthly instalments and a final bullet payment in 2020 as per the agreement with the bank but has been classified as a current liability in view of a clause in the loan agreement which provides the lender with the right to demand repayment at any time at its discretion, resulting in such classification "repayment on demand".

The bank loans are secured by certain fixed deposits placed with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company.

The bank overdrafts were secured by certain fixed deposits placed with the banks.

20 BANK OVERDRAFTS AND LOANS (Cont'd)

The Group's bank overdrafts that were not denominated in the functional currencies of the respective entities were as follows:

	Group	
	2011	2010
	S$'000	S$'000
United States dollars	–	3

The average effective interest rates paid are as follows:

	Group	
	2011	2010
	S$'000	S$'000
Bank loans	3.80%	0.75%
Bank overdrafts	–	8.40%

21 OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Accruals	8,054	4,404	402	625
Advances from customers	4,326	5,833	–	–
Tax payable	867	815	–	–
Sundry creditors	1,288	206	–	–
Others	14	37	–	–
	14,549	11,295	402	625

The Company's and Group's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
United States dollars	–	1	–	1
Chinese renminbi	–	4	–	–

22 PROVISIONS

Group	Employee benefits	Exit costs for planned closure	Others	Total
	S$'000	S$'000	S$'000	S$'000
As at January 1, 2010	1,603	402	22	2,027
Additional provisions for the year	787	–	15	802
Reversal during the year	–	(152)	–	(152)
Translation adjustment	(169)	(16)	–	(185)
Utilisation	(172)	(234)	–	(406)
As at December 31, 2010	2,049	–	37	2,086
Additional provisions for the year	339	–	–	339
Translation adjustment	87	–	(6)	81
Utilisation	(400)	–	(30)	(430)
As at December 31, 2011	2,075	–	1	2,076

Company	Employee benefits
	S$'000
As at January 1, 2010 and December 31, 2010	–
Additional provision for the year	27
As at December 31, 2011	27

23 LOANS FROM REAL ESTATE FUNDING PARTNER

	Group	
	2011	2010
	S$'000	S$'000
Outside party	7,145	–
	7,145	–

The loans from the real estate funding partner are denominated in Australian dollars. Borrowings of S$3,433,000 (2010 : S$Nil) are arranged at floating rates and the average effective interest rate of these borrowings is 8.46% (2010 : Nil%) per annum. The remaining borrowings are arranged at fixed interest rate of 18.37% (2010 : Nil%) per annum.

23 LOANS FROM REAL ESTATE FUNDING PARTNER (Cont'd)

Details of borrowings are as follows:

Borrowings of S$3,433,000 (2010 : S$Nil) of the Group are secured by a mix of mortgages over land and buildings, fixed and floating charges over the land owning companies and where the cash flow from the project is received, the holders of the shares and units in these entities and over the shares and units in unit trusts in these entities. In addition, a Deed of Guarantee and Indemnity has been granted by the relevant entity that will lease the houses to the lessee.

The remaining borrowings are secured on the same, but subordinated, basis to the above borrowings.

The liability of the Group in respect of the securities granted is limited only to the units in the asset-holding trust and does not extend to any other assets of the Group, including the Group's portion of the mezzanine funding extended for the development.

24 DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities recognised by the Group and the movements thereon during the current and prior reporting periods, primarily from revaluation gains on investment properties:

	Group	
	2011	2010
	S$'000	S$'000
Balance as at beginning of year	606	304
Translation adjustment	8	(49)
Charge to income statement for the year (Note 31)	24	351
Balance as at end of year	638	606

25 ISSUED CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid				
At beginning of year	2,612,413,668	2,612,113,668	72,531	203,134
Issue of shares on exercise of employees' share options	–	300,000	–	3
Capital reduction	–	–	–	(130,606)
At end of year	2,612,413,668	2,612,413,668	72,531	72,531

The Company paid out S$130,606,000 (S$0.05 per share) by way of a cash distribution to its shareholders pursuant to a capital reduction exercise for the year ended December 31, 2010.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All fully paid ordinary shares, which have no par value, carry one vote per share without restrictions.

26 RESERVES

The asset revaluation reserve arose on the revaluation of land and buildings before the transfer to investment properties. Where revalued land or buildings are sold, the portion of the asset revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The asset revaluation reserve is not available for distribution to the Company's shareholders.

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets to its fair value. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss.

The share option reserve arises on the grant of share options to employees under the employee share option scheme. Further information about share-based payments to employees is set out in Note 27 of the financial statements.

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought into account by entries made directly to the foreign currency translation reserve.

27 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Group which has expired on March 30, 2011.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2011		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of the year	22,923,000	0.06	24,268,000	0.11
Lapsed or expired during the year	(1,178,000)	0.05	(1,045,000)	0.12
Exercised during the year	–	–	(300,000)	0.01
Outstanding at end of the year	21,745,000	0.06	22,923,000	0.06
Exercisable at end of the year	21,745,000	0.06	22,923,000	0.06

Options are exercisable at prices specified at the time of the grant. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 1 year. If the options remain unexercised after a period of 5 or 10 years (depending on the term specified in the options) from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

27 SHARE-BASED PAYMENTS (Cont'd)

Pursuant to the capital reduction and cash distribution exercise, the Company approved a reduction in the subscription price of the outstanding share options under the 2001 Scheme by S$0.05 per share in 2010, being the amount of the cash distribution per share.

No options were granted or exercised in 2011 and 2010. The options outstanding at the end of the year have a weighted average remaining contractual life of 2.3 years (2010 : 3.2 years).

No share-based payments were recognised by the Group and the Company during the year.

28 REVENUE

	Group	
	2011	2010
	S$'000	S$'000
Product sales	350,723	406,942
Sales of properties	4,864	1,781
Dividend income from quoted equity shares (outside parties)	2,688	–
Dividend / interest income from unquoted investments (outside parties)	2,345	–
Fee income	2,596	–
Rental income	502	576
	363,718	409,299

29 OTHER OPERATING INCOME

	Group	
	2011	2010
	S$'000	S$'000
Gain on disposal of available-for-sale investments	–	28,722
Gain on disposal of property, plant and equipment	309	1,481
Foreign currency exchange adjustment gain	–	1,906
Others	565	767
	874	32,876

30 FINANCE COSTS

	Group	
	2011	2010
	S$'000	S$'000
Interest expense to non-related entities	1,260	140
Finance lease charges	–	3
	1,260	143

31 INCOME TAX EXPENSE

	Group	
	2011	2010
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of current year	2,225	1,045
Overprovision in prior years	(80)	–
Deferred tax:		
Amount provided for taxation in respect of deferred tax liabilities in current year (Note 24)	24	351
Income tax expense for the year	2,169	1,396

The income tax is calculated at 17% (2010 : 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2011	2010
	S$'000	S$'000
Profit before tax	12,087	39,215
Income tax charge at statutory rate of 17%	2,055	6,667
Tax effect of:		
Expenses that are not deductible in determining taxable profit	1,540	803
Income that is not taxable in determining taxable profit	(968)	(6,091)
Current year's tax losses not recognised	745	95
Different tax rates of the subsidiaries and associates operating in other jurisdictions	700	709
Tax effect on utilisation of deferred tax benefits previously not recognised	(1,877)	(816)
Effect on deferred tax balance due to change in tax rate	54	29
Overprovision of tax in respect of prior years	(80)	–
Total income tax expense for the year	2,169	1,396

31 INCOME TAX EXPENSE (Cont'd)

The Group has estimated tax loss carryforwards which are available for offsetting against future taxable income as follows:

	2011 S$'000	2010 S$'000
Amount at beginning of year	224,092	247,807
Tax losses expired during the year	(5,834)	(4,712)
Amount in current year	4,382	560
Translation adjustment	(16,159)	(14,641)
Adjustment for prior years after finalisation	7,510	(121)
Amount utilised in current year	(11,041)	(4,801)
	202,950	224,092
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	33,394	39,020

The Group has estimated temporary differences from capital allowances available for offsetting against future taxable income as follows:

	2011 S$'000	2010 S$'000
Amount at beginning of year	1,922	2,206
Amount in current year	192	28
Amount utilised in current year	(327)	(312)
	1,787	1,922
Deferred tax benefit on above not recorded	304	327

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances are subject to agreement by the relevant countries' tax authorities in which the Group operates. These amounts are available for offset against future taxable income of the subsidiaries concerned subject to compliance with certain provisions of the relevant countries' income tax regulations. Future tax benefits arising from these unutilised tax losses have not been recognised in the financial statements as there is no reasonable certainty of their recovery in future periods.

32 PROFIT FOR THE YEAR

	Group	
	2011	2010
	S$'000	S$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	3,729	3,523
of subsidiaries	1,437	857
Total directors' remuneration	5,166	4,380
Costs of inventories recognised as expense	324,157	383,543
Audit fees:		
Paid to auditors of the Company		
Current year	251	234
Paid to other auditors		
Current year	323	317
Under-provision in prior year	12	11
Non-audit fees paid to auditors:		
Auditors of the Company	69	79
Other auditors	78	42
Gain on disposal of property, plant and equipment	(309)	(1,481)
Allowance for inventories	806	1,194
Reversal of impairment charges and provisions for planned closures	–	(152)
Foreign currency exchange adjustment loss (gain)	604	(1,906)
Impairment loss on financial assets:		
Allowance for doubtful trade receivables	2,119	94
Allowance (Reversal of allowance) for doubtful other receivables	469	(272)
Impairment loss for available-for-sale investments	17	15
Total impairment loss on financial assets	2,605	(163)
Depreciation of property, plant and equipment	466	473
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	625	456
Other	13,505	12,464
Total employee benefits expense	14,130	12,920

33 DIVIDENDS

On June 2, 2011, a tax-exempt (one-tier) dividend of S$0.001 per share (total dividend of S$2,612,000) was paid to shareholders. In respect of the current year, a second interim dividend of S$0.001 per share will be paid to shareholders on March 30, 2012. This dividend has not been included as a liability in these financial statements. The dividend is payable to all shareholders on the Register of Members on March 12, 2012. The total estimated dividend to be paid is S$2.6 million.

No dividend was paid for the year ended December 31, 2010.

34 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

The earnings per share is calculated by dividing the Group's net profit for the year by the existing weighted average number of shares in issue during the year as follows:

	2011	2010
	Cent	Cent
Basic earnings per share	0.32	1.44
Diluted earnings per share	0.32	1.44

The calculation of the basic and diluted earnings per share is based on:

	2011	2010
	S$'000	S$'000
Profit for the year attributable to equity holders of the Company	8,271	37,542

35 SEGMENT INFORMATION

The Group, which operates in two geographical segments being the People's Republic of China (including Hong Kong) and others (Japan, Singapore and Australia), has 3 main core divisional activities. The reportable segments provided to the Group's chief operating decision makers are based on the types of activities, as described below:

(a) Distribution ("DIST")

This division comprises distribution of consumer electronics products and accessories in People's Republic of China (including Hong Kong), Japan, Singapore and in various export markets.

(b) Real Estate Investments ("RE")

Property holding is carried out in People's Republic of China (including Hong Kong) while real estate investments are made in the Pan-Asia region, principally Australia.

(c) Others ("OTH")

For those other activities which do not fall into the above categories.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

35 SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below.

Group's reportable segments Year ended December 31, 2011	DIST S$'000	RE S$'000	OTH S$'000	TOTAL S$'000
Revenue				
External sales from continuing operations	350,724	10,306	2,688	363,718
Result				
Segment result from continuing operations	8,662	5,969	253	14,884
Unallocated corporate expenses				(2,283)
Valuation gains on investment properties	–	474	–	474
Finance income				876
Finance costs				(1,260)
Foreign exchange loss				(604)
Profit before income tax				12,087
Income tax expense				(2,169)
Profit for the year				9,918
Other information				
Capital expenditure:				
Property, plant and equipment	629	15	1	645
Depreciation expense	380	76	10	466
Assets				
Segment assets	115,151	68,371	15,296	198,818
Total assets				198,818
Liabilities				
Segment liabilities	51,622	27,160	412	79,194
Income tax payable				1,506
Deferred tax liability				638
Total liabilities				81,338

35 SEGMENT INFORMATION (Cont'd)

Group's reportable segments
Year ended December 31, 2010

	DIST	RE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External sales from continuing operations	406,942	2,357	–	409,299
Result				
Segment result from continuing operations	8,486	1,591	(2,156)	7,921
Unallocated corporate expenses				(2,170)
Valuation gains on investment properties	–	2,070	–	2,070
Gain on disposal of available-for-sale investments	–	–	28,722	28,722
Finance income				909
Finance costs				(143)
Foreign exchange gain				1,906
Profit before income tax				39,215
Income tax expense				(1,396)
Profit for the year				37,819
Other information				
Capital expenditure:				
Property, plant and equipment	298	–	6	304
Depreciation expense	369	91	13	473
Assets				
Segment assets	104,892	26,691	15,385	146,968
Total assets				146,968
Liabilities				
Segment liabilities	38,172	2,970	618	41,760
Income tax payable				1,020
Deferred tax liability				606
Total liabilities				43,386

35 SEGMENT INFORMATION (Cont'd)

Geographical information

The Group's operations are located in the People's Republic of China (including Hong Kong), Japan, Singapore and Australia.

The following table provides an analysis of:

a) the Group's sales by geographical market, irrespective of the origin of the goods/services.

b) additions to property, plant and equipment and the carrying amount of segment assets analysed by the geographical area in which the respective companies are incorporated.

	Revenue		Capital expenditure		Non-current assets	
	2011	2010	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
People's Republic of China (including Hong Kong)	355,312	393,077	546	217	17,755	14,656
Others	8,406	16,222	99	87	14,995	1,652
	363,718	409,299	645	304	32,750	16,308

The basis of the information stated under the geographical segment above is the aggregate of the relevant figures from companies incorporated in those countries.

Information about major customers

Included in revenues of S$350,724,000 (2010 : S$406,942,000) arising from the Distribution segment are revenues of approximately S$31,293,000 (2010 : S$50,876,000) which arose from sales to the Group's largest customer.

36 CONTINGENT LIABILITIES

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiaries in the Group	–	–	13,818	17,282

37 OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for the rental of office premises and residential premises were as follows:

	Group		Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Within 1 year	1,172	1,467	35	84
In the second to fifth years inclusive	1,119	1,012	–	35
	2,291	2,479	35	119

Operating lease expense during the year amounted to S$1,796,000 (2010 : S$2,048,000) which included amounts offset against the corresponding rental income for certain premises.

The Group rents out certain investment properties in the People's Republic of China under operating leases. At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2011	2010
	S$'000	S$'000
Within 1 year	677	337
In the second to fifth years inclusive	1,188	16
	1,865	353

Property rental income earned during the year was S$502,000 (2010 : S$1,108,000), which included an amount of S$Nil (2010 : S$532,000) which was offset by the corresponding rental and other expenses for certain premises and included in other operating income.

38 SUBSEQUENT EVENTS

a. On January 3, 2012, the Group's wholly-owned subsidiary, Hanbest Limited, acquired a 100% interest in the issued share capital of Diversity Capital Limited, a company incorporated in Hong Kong.

b. On or about January 25, 2012, Hanbest Limited entered into agreements to sell down 70% (or A$5.6 million) of the final capital it had committed for the Emerant Lane Project in Australia to a sovereign fund in the Middle East.

c. On March 2, 2012, the Company's indirect subsidiary, TCAP Australia Pty Ltd, completed the acquisition of a 100% interest in TCAP Investments Limited (formerly known as Greater Visions Asset Management Ltd) in Australia, for a cash consideration of A$62,000.

AS AT MARCH 21, 2012

Issued and fully paid-up capital	:	S$72,450,724.21
Number of issued shares	:	2,612,413,668
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1- 999	540	6.77	108,883	0.00
1,000 - 10,000	4,276	53.58	16,722,941	0.64
10,001 - 1,000,000	3,075	38.53	338,582,841	12.96
1,000,001 and above	89	1.12	2,256,999,003	86.40
Total	7,980	100.00	2,612,413,668	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Kartar Singh Thakral	–	–	781,473,230 (1)	29.91
Inderbethal Singh Thakral	–	–	781,473,230 (1)	29.91
Manbeen Kaur Thakral	–	–	781,463,368 (2)	29.91
Thakral Investments Limited	194,412,792	7.44	587,050,576 (3)	22.47
Preview Investments Limited	137,525,000	5.26	449,525,576 (4)	17.21
Bikramjit Singh Thakral	178,000	0.01	384,525,576 (5)	14.72
Prime Trade Enterprises Limited	384,525,576	14.72	–	–
Venture Delta Limited	317,737,352	12.16	–	–
Constellation Star Holdings Limited	–	–	318,737,352 (6)	12.20
China Yuchai International Limited	–	–	318,737,352 (6)	12.20
HL Technology Systems Pte Ltd	–	–	318,737,352 (6)	12.20
Hong Leong (China) Limited	–	–	318,737,352 (6)	12.20
Hong Leong Asia Ltd.	–	–	318,737,352 (6)	12.20
Hong Leong Corporation Holdings Pte Ltd	–	–	318,737,352 (6)	12.20
Hong Leong Enterprises Pte. Ltd.	–	–	318,737,352 (6)	12.20
Hong Leong Investment Holdings Pte. Ltd.	–	–	318,737,352 (6)	12.20
Davos Investment Holdings Private Limited	–	–	318,737,352 (6)	12.20
Kwek Holdings Pte Ltd	–	–	318,737,352 (6)	12.20

Notes:

(1) Held through Thakral Investments Limited, TPL Investments Pte Ltd(7), Preview Investments Limited, Prime Trade Enterprises Limited and Market Watch Ltd(8).

(2) Held through Thakral Investments Limited, Preview Investments Limited, Prime Trade Enterprises Limited and Market Watch Ltd.

(3) Held through Preview Investments Limited, Prime Trade Enterprises Limited and Market Watch Ltd.

Shareholders' Information

AS AT MARCH 21, 2012

(4) Held through Prime Trade Enterprises Limited and Market Watch Ltd.

(5) Held through Prime Trade Enterprises Limited.

(6) Held through Venture Delta Limited and Grace Star Services Ltd[9].

(7) TPL Investments Pte Ltd holds 9,862 shares in the Company which amounts to an interest of 0.0004% in the Company.

(8) Market Watch Ltd holds 65 million shares in the Company which amounts to an interest of 2.49% in the Company.

(9) Grace Star Services Ltd holds 1 million shares in the Company which amounts to an interest of 0.04% in the Company.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	498,924,689	19.10
2.	Prime Trade Enterprises Limited	384,525,576	14.72
3.	Venture Delta Limited	317,737,352	12.16
4.	United Overseas Bank Nominees Pte Ltd	199,611,898	7.64
5.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	87,228,645	3.34
6.	CIMB Securities (Singapore) Pte Ltd	84,656,000	3.24
7.	Kanwaljeet Singh Dhillon	80,660,000	3.09
8.	DB Nominees (S) Pte Ltd	65,851,657	2.52
9.	Raffles Nominees (Pte) Ltd	65,296,866	2.50
10.	Market Watch Ltd	65,000,000	2.49
11.	Thakral Investments Limited	62,805,656	2.40
12.	Asia Richer Investment Services Limited	41,895,000	1.60
13.	DBS Nominees Pte Ltd	27,165,397	1.04
14.	OCBC Securities Private Ltd	22,692,298	0.87
15.	Lim Chye Huat @ Bobby Lim Chye Huat	21,000,000	0.80
16.	Phillip Securities Pte Ltd	17,089,033	0.65
17.	Atma Singh s/o Lal Singh	12,935,000	0.50
18.	UOB Kay Hian Pte Ltd	10,234,416	0.39
19.	OCBC Nominees Singapore Pte Ltd	9,091,914	0.35
20.	Bulkships Asia Pte Ltd	8,000,000	0.31
Total		**2,082,401,397**	**79.71**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 21, 2012, approximately 51.69% of the issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Company did not hold any treasury shares as at March 21, 2012.

11 APRIL 2012

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix is circulated to Shareholders of Thakral Corporation Ltd (the "Company") together with the Company's annual report for the year ended 31 December 2011 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information pertaining to the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on 26 April 2012 at 4.00 p.m. at Phoenix Ballroom II, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031.

The Notice of the Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the Company, you should immediately forward this Appendix, the Annual Report and Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

THAKRAL CORPORATION LTD
(Incorporated in Singapore)
(Company Registration Number: 199306606E)

APPENDIX TO ANNUAL REPORT 2011

in relation to

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"AGM"	:	The Annual General Meeting of the Company to be held on 26 April 2012.
"Appendix"	:	This appendix to the Company's Annual Report 2011 dated 11 April 2012.
"associate"	:	In the case of a company, (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"Audit Committee"	:	The audit committee of the Company comprising Natarajan Subramaniam, Lee Ying Cheun and Pratap Chinnan Nambiar.
"Board"	:	The board of Directors of the Company as at the date of this Appendix.
"CDP"	:	The Central Depository (Pte) Limited.
"Chief Financial Officer"	:	The chief financial officer of the Company who is not an Interested Person.
"Companies Act" or "Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Company"	:	Thakral Corporation Ltd.
"Director"	:	A director of the Company as at the date of this Appendix.

Appendix to Annual Report 2011

"FY"	:	Financial year ended or ending 31 December.
"Group"	:	The Company, its subsidiaries and/or its associated companies.
"Immediate Family"	:	In relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.
"Independent Directors"	:	Has the meaning as ascribed to it in Section 8.1 of this Appendix.
"Interested Person Transactions"	:	Has the meaning as ascribed to it under Section 2.4.1 of this Appendix.
"Interested Persons"	:	The Thakral Family Companies, and "Interested Person" means any of the Thakral Family Companies.
"IPT Circular"	:	The Company's circular dated 13 April 2011.
"IPT Mandate"	:	A Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies or any of them, to enter into Interested Person Transactions with the Interested Persons and has the meaning ascribed to it in Section 2.1.5 of this Appendix.
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Lock Out Agreement"	:	The agreement entered into by the Company, Mr. Kartar Singh Thakral, Thakral Brothers (Private) Limited and Dartmoor Pte Ltd dated 24 November 1995 in relation to the parties' trading activities with their consumer electronic product customers worldwide and between themselves.
"NTA"	:	Net tangible assets.
"Rights to Lock-Out"	:	Has the meaning as ascribed to it in Section 3.2.2 of this Appendix.
"Sales Director"	:	The sales director of a major subsidiary of the Company who is not an Interested Person.
"Securities Accounts"	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.
"Shareholders"	:	The registered holders of Shares except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts.

Appendix to Annual Report 2011

"Shares"	:	Ordinary shares in the share capital of the Company.
"Subsidiaries"	:	Has the meaning as ascribed to it by Section 5 of the Companies Act.
"Substantial Shareholder"	:	Has the meaning as ascribed it by Section 81 of the Companies Act.
"TCL Territories"	:	Hong Kong, the People's Republic of China, Taiwan, Japan, the Philippines and such other countries as may be agreed by the parties to the Lock Out Agreement from time to time.
"TFC Sale in TCL Territories"	:	Sale by any of the Thakral Family Companies of consumer electronic products (i) to parties in the TCL Territories or (ii) to parties outside the TCL Territories which they know to be destined for resale in or into the TCL Territories.
"Thakral Controlling Company"	:	Any of Thakral Investments Limited, Preview Investments Limited and/or any company (i) that will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) in which a Thakral Family Director or his associate has an interest.
"Thakral Controlling Shareholder"	:	Any of Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral, Madam Manbeen Kaur Thakral and/or any individual who (i) will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) is an associate of a Thakral Family Director.
"Thakral Family Directors"	:	Mr. Kartar Singh Thakral, Mr. Jasvinder Singh Thakral and/or Mr. Inderbethal Singh Thakral.
"Thakral Family Company"	:	(1) a company in which any Thakral Family Director and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (2) a company in which any Thakral Controlling Shareholder and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (3) a Thakral Controlling Company; or (4) a company which is a subsidiary or holding company of any Thakral Controlling Company or a subsidiary of such holding company or a company in the equity of the Thakral Controlling Company and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more, excluding the Group from time to time, and "Thakral Family Companies" shall be construed accordingly.
"S$"	:	Singapore Dollars, the lawful currency of the Republic of Singapore.
"%" or "per cent"	:	Per centum.

The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, not otherwise defined in this Appendix shall have the meaning ascribed to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Appendix to Annual Report 2011

1. INTRODUCTION

1.1 The Directors of the Company propose to renew the existing shareholders' mandate for interested person transactions ("***IPT Mandate***") pursuant to Chapter 9 of the Listing Manual.

1.2 The purpose of this Appendix, circulated together with the Annual Report, is to explain the rationale and provide information to Shareholders for the proposed renewal of the IPT Mandate.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Chapter 9 of the Listing Manual

2.1.1 Chapter 9 of the Listing Manual governs transactions between an "entity at risk" and an "interested person", and provides that, subject to certain materiality thresholds and exceptions, such transactions must be approved by the shareholders of the listed company and must be announced immediately.

2.1.2 The Thakral Family Companies are "interested persons" for the purposes of Chapter 9 of the Listing Manual.

2.1.3 Pursuant to Chapter 9 of the Listing Manual, the approval of Shareholders would have to be obtained for the trading transactions with the Thakral Family Companies if the value of the transaction concerned equals to, or exceeds: (i) 5% of the Group's latest audited NTA; or (ii) 5% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

2.1.4 Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2011, the NTA of the Group was S$111,926,000. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, 5% of the Company's latest audited consolidated NTA would be S$5,596,300.

2.1.5 Chapter 9 of the Listing Manual, however, allows a listed company to seek from its shareholders a mandate for recurrent interested person transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the sale and purchase of supplies and materials. This mandate is subject to disclosure in the listed company's annual report of the aggregate value of the transactions conducted pursuant to the mandate during the financial year concerned, and is subject to annual renewal.

2.1.6 For the purposes of Chapter 9 of the Listing Manual:-

(i) an "***entity at risk***" means:-

(a) the listed company;

(b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "***listed group***"), or the listed group and its interested person(s), has control over the associated company;

(ii) an "***interested person***" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(iii) an "***associate***" in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(iv) an "***approved exchange***" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

(v) an "***interested person transaction***" means a transaction between an entity at risk and an interested person; and

(vi) a "***transaction***" includes-

(a) the provision or receipt of financial assistance;

(b) the acquisition, disposal or leasing of assets;

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

(e) the granting of or being granted options; and

(f) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.2 Background to the IPT Mandate

2.2.1 At an extraordinary general meeting of the Company held on 29 April 2011 ("***EGM***"), the Company was granted a general mandate by its Shareholders pursuant to Chapter 9 of the Listing Manual which permitted the Group to enter into the Interested Person Transactions detailed in Section 2.4.1 below. Details of and the rationale for the existing IPT Mandate were set out in the Company's circular to Shareholders dated 13 April 2011 ("***IPT Circular***") and are restated under Section 2.3 of this Appendix below.

2.2.2 The IPT Mandate approved at the Company's EGM is in force until the next annual general meeting of the Company. Accordingly, the existing IPT Mandate will expire at the forthcoming Annual General Meeting ("***AGM***") to be held on 26 April 2012 and the Directors are proposing to renew the IPT Mandate at the AGM.

2.3 Rationale for Renewal of the IPT Mandate

2.3.1. The Group has, from time to time, been sourcing consumer electronics and electrical products from the Thakral Family Companies and vice versa. The Thakral Family Companies and the Group have only been sourcing such products through each other when it is mutually advantageous to trade with or through one another rather than directly with suppliers. The Group has only been sourcing products for the Thakral Family Companies where it has a better relationship with the suppliers than the Thakral Family Companies. Similarly, the Group has only been sourcing such products from the Thakral Family Companies where the Thakral Family Companies have a better relationship with the suppliers than the Group. The parties therefore wish to continue with the existing relationship as regards trading in consumer electronics and electrical products.

2.3.2. In view of the time-sensitive and recurrent nature of commercial transactions, the renewal of the IPT Mandate, pursuant to Chapter 9 of the Listing Manual will enable the Group, in the ordinary course of its business, to enter into the transactions with the Thakral Family Companies as set out above, provided that such transactions are made on normal commercial terms. Please refer to Section 2.5 of this Appendix below for the benefits of the IPT Mandate to the Shareholders.

2.4 Classes of Interested Persons and Description of Interested Persons Transactions

2.4.1. The IPT Mandate, if renewed, will apply to interested person transactions, being the sales and purchase of consumer electronics and electrical products ("***Interested Person Transactions***"), which are carried out with the Thakral Family Companies only.

2.4.2. Transactions with Interested Persons that do not fall within the ambit of the renewed IPT Mandate shall be subject to the provisions of Chapter 9 of the Listing Manual and/or other relevant provisions of the Listing Manual.

2.4.3. The renewed IPT Mandate will not cover any Interested Person Transaction that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. In addition, the IPT Mandate will not include transactions for the purchase and sale of assets, undertakings or businesses.

2.5 Benefits to Shareholders

2.5.1. The renewal of the IPT Mandate eliminates the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter or renew the transactions with the Thakral Family Companies arises, thereby reducing substantially the administrative time and expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

2.5.2. The renewed IPT Mandate is intended to facilitate transactions contemplated therein which are entered into in the ordinary course of business and which are transacted from time to time with the Thakral Family Companies, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

3. REVIEW PROCEDURES FOR THE INTERESTED PERSON TRANSACTIONS WITH THE THAKRAL FAMILY COMPANIES

3.1. General

In general, the Company has established various procedures to ensure that the Interested Person Transactions with the Thakral Family Companies are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. In general, the Group will only enter into transactions with the Interested Persons if: (i) the terms offered by the Interested Persons to the Group are not less favourable than the terms that may be obtainable by the Group from unrelated third parties; and/or (ii) the terms extended by the Group to the Interested Persons are not more favourable than the terms extended by the Group to unrelated third parties.

3.2. Lock Out Agreement

3.2.1. The Lock Out Agreement was entered into in 1995 to minimize potential conflict of interest that may arise as a result of certain members of the Thakral family's interests in the Group. It was terminated with effect from 28 September 2007 upon certain terms and conditions so as to allow the Company to trade freely in the relevant territories without being subject to restrictions on the Group under the Lock Out Agreement.

3.2.2. Notwithstanding the termination of the Lock Out Agreement, the Audit Committee has the right to require the provisions of the Lock Out Agreement to re-apply to the parties of the Lock Out Agreement ("**Rights to Lock-Out**") if the shareholding of Mr. Kartar Singh Thakral, Mr. Jasvinder Singh Thakral and Mr. Inderbethal Singh Thakral and/or their family members in the Company is 15% or more than 15%, or when the quantum of a transaction relating to the TFC Sale in TCL Territories is of a value equal to, or exceeding:

(i) 3% of the Group's latest audited consolidated NTA; or

(ii) 3% of the Group's latest audited consolidated NTA, when aggregated with the values of all other TFC Sales in TCL Territories during the same financial year of the Company.

3.2.3. The Audit Committee will review the shareholding information contained in the Register of Directors' Shareholdings and Register of Substantial Shareholders maintained by the Company to ascertain whether the shareholding of the Thakral Family Directors and/or their family members in the Company is 15% or more than 15%, and if so, whether the Rights to Lock-Out should be exercised by the Audit Committee.

3.2.4. The Thakral Family Directors will deliver to the Company, not later than 30 days after 31 March, 30 June, 30 September and 31 December in each year, a certificate signed by any one of the Thakral Family Directors certifying the aggregate amount of TFC Sales in TCL Territories for that quarter, and setting out the names of the Thakral Family Companies which carried out such TFC Sales in TCL Territories and a breakdown of the amount of such TFC Sales in TCL Territories and the number of customers in respect of each relevant country for that quarter ("**Quarterly Certificates**").

3.2.5. The Audit Committee will review, and if considered appropriate, request the Thakral Family Companies identified in the Quarterly Certificates referred to in paragraph 3.2.4 or such other Thakral Family Companies as the Company may reasonably request in writing ("**Relevant TF Companies**") to procure from the auditors of the Relevant TF Companies a certificate signed by the auditors certifying the aggregate amount of TFC Sales in the TCL Territories undertaken by such Relevant TF Company for that year, and setting out a breakdown of the amount of such TFC Sales in TCL Territories and the number of customers in respect of each country for that year. Such auditors' certification shall be made at the expense of the Company. The Relevant TF Company is required to procure the audit certificate within 30 days of the request from the Company.

3.2.6. The Company shall maintain and make available to the Audit Committee, on a regular basis, the shareholding information, the Quarterly Certificates, all Interested Person Transactions and such other relevant information which it may reasonably require with the co-operation of the Company and the Thakral Family Directors.

3.2.7. The Audit Committee has reviewed the above information during FY2011 to determine whether the Rights to Lock-Out had become exercisable and should be exercised by the Audit Committee. After due consideration, taking into account that the Group would likely benefit more than the relevant Thakral Family Companies if the Lock Out Agreement was not reinstated, the Audit Committee took the view that it was advantageous to all Shareholders including minority shareholders that the Audit Committee not exercise the Rights to Lock-Out and not reinstate the Lock Out Agreement.

3.3. Other Review Procedures

3.3.1. In addition, the Company has implemented and will continue to maintain the following procedures:

(a) the Company or relevant Group company will seek to obtain third party quotations from the market and/or from comparable transactions undertaken by the Group with third parties to decide whether the Interested Person Transactions should be transacted. In the event that it is not possible or practicable to obtain third party quotations (for example, where the relevant Thakral Family Company is the sole supplier of the relevant consumer electronics and electrical products in certain regions), the Company or relevant Group company will generally only enter into the Interested Person Transactions if, *inter alia*, the profits based on the transaction prices are within the acceptable margins set by the Company or relevant Group company. In such cases, the Sales Director shall record such Interested Person Transactions and report the same to the Audit Committee on a quarterly basis. The Audit Committee will review such Interested Person Transactions to ascertain whether the Interested Person Transactions are conducted on normal commercial terms, at arm's length and will not be prejudicial to the interests of the Company and its minority shareholders; and

(b) the Group has supplemented its internal systems by setting threshold limits in respect of the Interested Person Transactions with review procedures in place to ensure that all categories of Interested Person Transactions are undertaken on an arm's length basis, on normal commercial terms and are not prejudicial to the interests of the Group and its minority shareholders. Interested Person Transactions are categorised pursuant to such review procedures as follows:

(i) a Category 1 transaction is one in which the transaction value exceeds S$100,000.00 but is less than or is equal to S$250,000.00;

(ii) a Category 2 transaction is one in which the transaction value exceeds S$250,000.00, but is less than or is equal to S$500,000.00; and

(iii) a Category 3 transaction is one where the transaction value exceeds S$500,000.00.

Category 1 transactions are subject to the review and approval of the Sales Director prior to being transacted. Category 2 transactions are subject to the review and approval of the Chief Financial Officer prior to being transacted. Category 3 transactions are subject to the review and approval of the Audit Committee prior to being transacted.

The threshold limits set out above are based on expected and past sale and purchases volume of the Group as well as the need for commercial efficiency.

In the event that the Sales Director, Chief Financial Officer or a member of the Audit Committee (where applicable) is deemed to be an interested person (as defined in the Listing Manual) in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Approval of that transaction will accordingly be undertaken by a suitable person nominated by the Audit Committee or by the remaining members of the Audit Committee (where applicable).

3.3.2. The Audit Committee will review the procedures described in paragraph 3.3.1 above for determining transaction prices between the Group and the Thakral Family Companies, to assess if such procedures, if complied with, are sufficient to ensure that the transactions with the Thakral Family Companies as regards trading in consumer electronics and electrical products, are on normal commercial terms and will not be prejudicial to the interests of minority shareholders.

3.3.3. The Audit Committee will review any actual or potential conflicts of interests in relation to sales of consumer electronics and electrical products in TCL Territories that may involve any Thakral Family Director disclosed by him to the Board and the exercise of his fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by any Thakral Family Director, the Audit Committee will evaluate whether it considers a conflict of interests does in fact exist. The review will include an examination of the nature of the conflict and such relevant supporting data, as the Audit Committee may deem reasonably necessary.

3.3.4. The Audit Committee will review from time to time the procedures established to monitor TFC Sales in TCL Territories to determine if such procedures are adequate and/or commercially practicable for purposes of monitoring TFC Sales in TCL Territories. If, during its periodic review, the Audit Committee believes that the procedures as stated above have become inappropriate or are no longer sufficient to monitor TFC Sales in TCL Territories, the Audit Committee will improve on and/or adopt new procedures to deal with potential conflict of interest between the relevant members of the Thakral family and the Group in relation to sales in the TCL Territories.

3.3.5. The Thakral Family Directors will abstain from participating in Board discussions involving, and voting at the Board in respect of, any matter and/or business opportunity relating to sales of consumer electronics and electrical products in the TCL Territories where there is any conflict of interest arising between the relevant Thakral Family Director and the Group in respect of such matter and/or business opportunity.

3.3.6. All transactions between the Group and the Thakral Family Companies are subject to the quarterly review of the Audit Committee to ensure that they are carried out on an arm's length and commercial basis. In the event that a member of the Audit Committee is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction.

3.3.7. If during periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the interested person transactions with the Thakral Family Companies will be carried out on an arm's length basis and normal commercial terms, and will not be prejudicial to the interests of the Company and the minority shareholders.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

4.1. The interests of Directors and Substantial Shareholders in the Company are set out under the Directors' Report and Shareholders' Information sections respectively in the Annual Report.

5. VALIDITY PERIOD OF THE RENEWED IPT MANDATE

5.1. The renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the conclusion of the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Thakral Family Companies.

6. DISCLOSURE IN ANNUAL REPORT

6.1. The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

6.2. Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

7. STATEMENT OF THE AUDIT COMMITTEE

7.1. Having considered, *inter alia*, the terms, the rationale for and the benefits of renewing the IPT Mandate, the Audit Committee is satisfied that the methods or procedures implemented in FY2011 and which will be maintained by the Company as set out in Section 3 of this Appendix, for determining transaction prices of Interested Person Transactions, have not changed since the last Shareholders' approval and the current methods or procedures are sufficient to ensure that the Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. As such, an independent financial adviser's opinion is not required for the renewal of the Company's IPT Mandate under Listing Rule 920(1)(c).

7.2. The Audit Committee is also satisfied that, the procedures that have been established to monitor TFC Sales in TCL Territories, as referred to in Section 3 of this Appendix, are adequate and/or commercially practicable for purposes of monitoring the Interested Person Transactions. The Audit Committee will review from time to time such procedures as stated in Section 3 of this Appendix. Should the Audit Committee subsequently no longer be of this opinion, the Company will revert to the Shareholders for a fresh mandate based on the new guidelines and procedures for transactions with interested persons.

8. DIRECTORS' RECOMMENDATION

8.1. The Directors who are considered independent for the purpose of making a recommendation to Shareholders on the renewal of the IPT Mandate are Messrs Natarajan Subramaniam, Jaginder Singh Pasricha, Lee Ying Cheun, Pratap Chinnan Nambiar and Ting Sii Tien @ Yao Sik Tien (the "**Independent Directors**").

8.2. The Independent Directors are of the view that the entry into of the Interested Person Transactions between the Group and the Thakral Family Companies in the ordinary course of its business (as described in Section 2.3.1) are in the best interests of the Group. For the reasons as set out in Section 2.5 and taking into consideration the Audit Committee's confirmation in Section 7, the Independent Directors are of the opinion that the current review procedures for the Interested Person Transactions with the Thakral Family Companies are sufficient to ensure that the transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Group and the minority shareholders and recommend that Shareholders vote in favour of the resolution relating to the renewal of the IPT Mandate to be proposed at the AGM.

8.3. In accordance with the requirements of Chapter 9 of the Listing Manual, the Thakral Family Directors, being directors of the Thakral Family Companies, have abstained from making any recommendation on the renewal of the IPT Mandate.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1. Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416, not later than 48 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the meeting if he wishes to do so.

10. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

10.1. By virtue of their interest in the IPT Mandate, the Thakral Family Companies, being Interested Persons, will abstain and have undertaken to ensure that their associates will abstain from voting on the ordinary resolution relating to the proposed renewal of the IPT Mandate at the forthcoming AGM.

10.2. Further, the Thakral Family Companies undertake not to accept and shall ensure that their associates shall not accept the appointment as proxies to vote and attend at the forthcoming AGM in respect of the ordinary resolution relating to the proposed renewal of the IPT Mandate for other Shareholders of the Company unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

11. DIRECTORS' RESPONSIBILITY STATEMENT

11.1. The Directors (including those who may have delegated supervision of this Appendix) collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed (excluding the Independent Directors' recommendations in the case of the Directors who are not Independent Directors) in this Appendix are fair and accurate in all material respects and that no material facts have been omitted which would make any statement in this Appendix misleading in any material respect.

12. DOCUMENTS AVAILABLE FOR INSPECTION

12.1 Copies of the following documents may be inspected at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 during normal business hours from the date of this Appendix up to the date of the AGM:

(i) the Memorandum and Articles of Association of the Company; and

(ii) the Annual Report of the Company for FY2011.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Thursday, 26 April 2012 at 4.00 p.m. at Phoenix Ballroom II, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 94(2) of the Company's Articles of Association:-

   Mr. Ting Sii Tien @ Yao Sik Tien **(Resolution 2)**
   Mr. Jaginder Singh Pasricha **(Resolution 3)**

3. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Cap. 50:-

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Natarajan Subramaniam be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [see Explanatory Note (i)] **(Resolution 4)**

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Kartar Singh Thakral be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [see Explanatory Note (i)] **(Resolution 5)**

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Lee Ying Cheun be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [see Explanatory Note (i)] **(Resolution 6)**

   Mr. Subramaniam will, upon re-appointment as Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr. Lee will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$485,500 for the year ending 31 December 2012, to be paid quarterly in arrears. (31 December 2011: S$423,500) **(Resolution 7)**

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to Allot and Issue Shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (ii)] **(Resolution 9)**

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

   That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited: -

   (a) approval be and is hereby given for the Company, its subsidiaries and its associated companies or any of them to enter, in the ordinary course of business, into the transactions and arrangements for the sale and purchase of consumer electronics and electrical products as described in Section 2.3.1 of the Appendix to Annual Report 2011 dated 11 April 2012 ("the Appendix"), with any party who is of the class or classes of interested persons described in Section 2.4.1 of the Appendix, provided that all such transactions and arrangements are made on normal commercial terms in accordance with the review procedures for interested person transactions as set out in Section 3 of the Appendix, and that the Directors of the Company be and are hereby authorised to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary in connection with all such transactions and arrangements (the "Shareholders' Mandate");

   (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Tan Ping Ping
Company Secretary
Singapore
Date: 11 April 2012

Explanatory Notes

(i) The effect of the Ordinary Resolutions 4 to 6 proposed in item 3 above, is to re-appoint Directors who are over 70 years of age.

(ii) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company.

For the purpose of this resolution, the percentage of issued shares is based on the Company's issued shares at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 not less than 48 hours before the time appointed for holding the Meeting.

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THAKRAL CORPORATION LTD

(Company Registration No. 199306606E)
(Incorporated in the Republic of Singapore with Limited Liability)

IMPORTANT:

1. For investors who have used their CPF monies to buy Thakral Corporation Ltd's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ____________________________(Name), NRIC/Passport No. ______________

of ____

____(Address)

being a member/members of Thakral Corporation Ltd (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and/or

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 26 April 2012 at 4.00 p.m. at Phoenix Ballroom II, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts for the year ended 31 December 2011		
2	Re-election of Mr. Ting Sii Tien @ Yao Sik Tien as a Director		
3	Re-election of Mr. Jaginder Singh Pasricha as a Director		
4	Re-appointment of Mr. Natarajan Subramaniam as a Director		
5	Re-appointment of Mr. Kartar Singh Thakral as a Director		
6	Re-appointment of Mr. Lee Ying Cheun as a Director		
7	Approval of Directors' fees amounting to S$485,500 for the year ending 31 December 2012, to be paid quarterly in arrears		
8	Re-appointment of Deloitte & Touche LLP as Auditors		
9	Authority to Allot and Issue Shares		
10	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this__________day of____________________ 2012

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

1st fold here

PROXY FORM

Affix
Postage
Stamp

The Company Secretary

THAKRAL CORPORATION LTD

20 Upper Circular Road

#03-06 The Riverwalk

Singapore 058416

2nd fold here

3rd fold here and seal

Group Offices

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TCAP PTE LTD
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TCL PROPERTIES PTY LTD

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