THAKRAL
CORPORATION LTD

CHANGE AND **PROGRESS**

ANNUAL REPORT
2013

CONTENTS

CORPORATE **PROFILE**

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd is in distribution and property and strategic investment businesses.

The Group invests in real estate and other investment opportunities which include financial instruments backed by property and in direct property with a view to earning a strong return on its capital and revolving its capital speedily including bringing in co-investors. The Group also earns income from the services it provides in originating, packaging and managing projects. The Group has been the cornerstone investor in these investment opportunities.

Presently, China (including Hong Kong) and other Southeast Asian countries are the Group's key markets for its distribution business. Under its extensive consumer brand portfolio are global names such as Apple, Bose, Canon, Lenovo, Orion, Panasonic, Samsung, Sony and Yamaha. The Group has also taken up brands such as Ballistic, Belkin, Buffalo, Catalyst, Cygnett, Liquid Image, Misfit, Quirky, Skullcandy, SwitchEasy and ZTE. The Group's portfolio also includes lifestyle and environmentally-friendly products under brands such as Beko, Winia, etc and beauty & health products from MTG.

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

Digital Info Technology Pte Ltd
Singapore

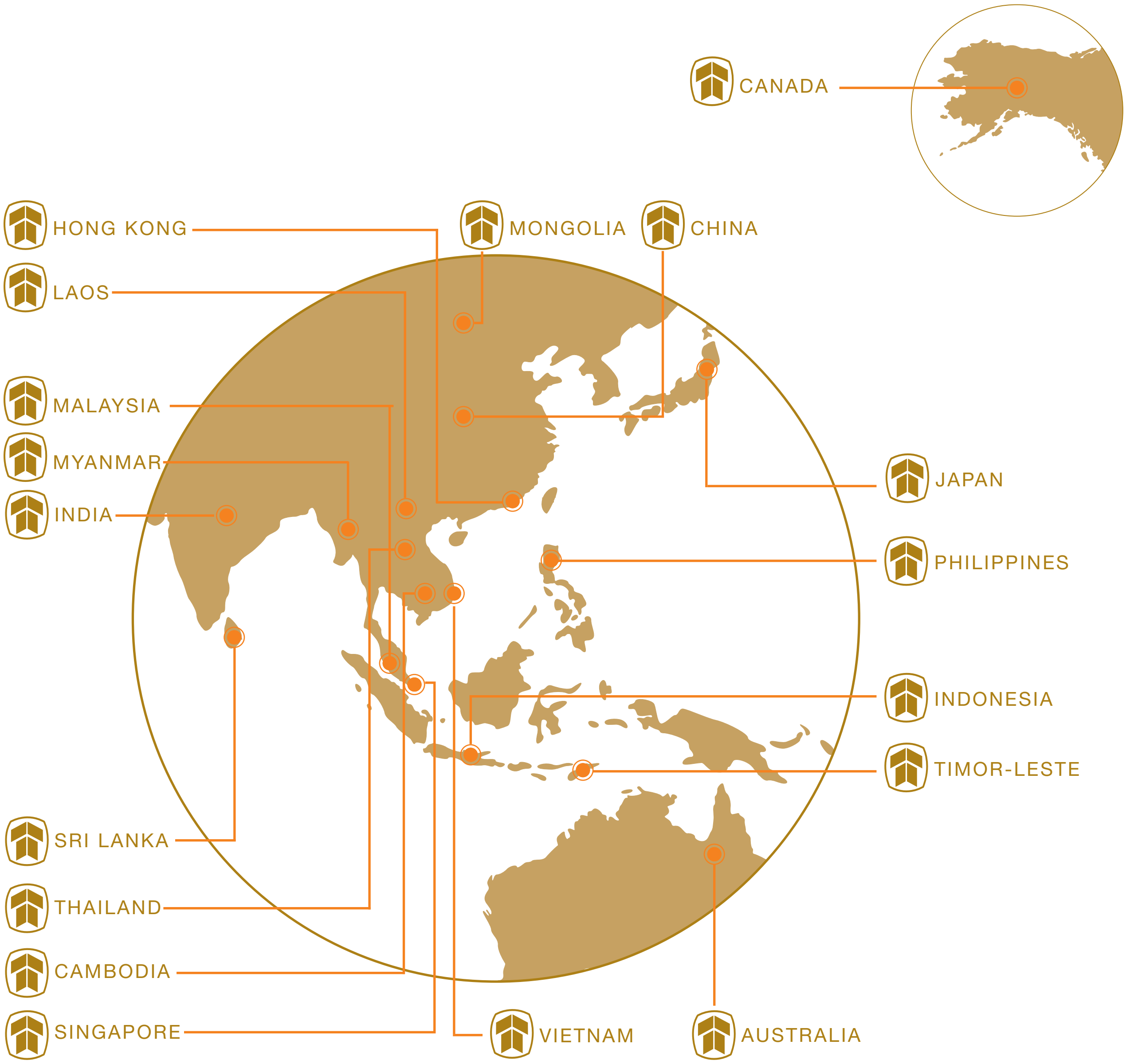
INVESTMENTS

TCAP Pte Ltd
Thakral Capital Holdings Pte Ltd
Singapore

Thakral Capital Australia Pty Ltd
TCL Properties Pty Ltd
Sydney and Melbourne, Australia

Wujiang Dafa Real Estate
Development Co Ltd
Wujiang, PRC

OUR **NETWORK**


CANADA
HONG KONG
LAOS
MALAYSIA
MYANMAR
INDIA
MONGOLIA
CHINA
JAPAN
PHILIPPINES
INDONESIA
TIMOR-LESTE
SRI LANKA
THAILAND
CAMBODIA
SINGAPORE
VIETNAM
AUSTRALIA


CYGNETT

DELIVERING SUSTAINABLE GROWTH

The Group's strategy to create two business channels generating returns through the establishment of the Investment Division and the operations of the Distribution Division, bore fruit in FY2013.

CHAIRMAN'S STATEMENT

PROGRESS AND GROWTH THROUGH CHANGE

Natarajan Subramaniam
Independent Non-Executive Chairman

Dear Shareholders,

The 2013 financial year continued to present new challenges. The Group managed to contain its losses for the financial year ended December 31, 2013 ("FY2013") but is nevertheless able to pay a dividend to shareholders.

The Group's strategy to create two business channels generating returns through the establishment of the Investment Division and the operations of the Distribution Division, bore fruit in FY2013 – through the positive contribution made by the Investment Division.

Our Distribution Division is repositioning itself to focus on lifestyle products including environment-friendly appliances and beauty & health products to reduce exposure to the more volatile consumer electronics sector.

Some of these new product lines are aimed to meet growing demand and enjoy relatively stable margins. This division will also actively look into expanding within China and into Southeast Asia, which continue to enjoy positive economic growth and stronger consumer sentiment.

The Group's Investment Division has proven to fulfil the Group's objective of having a second stream of income to strengthen Group profitability and to diversify the Group's business. The Investment Division delivered triple-digit growth in its contribution to Group profits in FY2013. While Brisbane, Melbourne and Sydney have been key markets for this division, it will be expanding its geographical presence within Australia and in countries in which the Group already has a strong presence which will provide the Investment Division with local networks and knowledge. At the same time, the Investment Division will diversify the asset classes in which it invests and seek to generate fee-based income through managing third party funds and assets.

Overall, given the uncertainties facing the global economy, we remain cautiously optimistic of the Group's performance in FY2014. We will embark on fresh growth plans for both of our divisions to bring positive returns to shareholders.

In appreciation of our shareholders' support, the Board has declared an interim dividend of 0.1 cent per share for FY2013 with payment date on April 15, 2014.

CHAIRMAN'S STATEMENT

Financial Performance Review

For the full year, though the Group achieved a net profit of S$10,000 including non-controlling interests, turnover grew 34% to S$413.1 million. However, there was a loss of S$101,000 attributable to equity holders. The Group returned to profitability in the fourth quarter of FY2013.

The Group recorded an operational profit (EBIT) of S$2.3 million in FY2013 compared to an operational loss of S$1.8 million during the previous financial year.

Group profitability was also backed by unrealized valuation gains on the Group's property investments in Hong Kong, Australia and China totaling S$2.6 million as well as foreign exchange gains of S$1.6 million in FY2013 – due mainly to the sharp weakening of the Japanese Yen.

The Group's financial position remained healthy as it reported positive cash flow for FY2013 with operational cash inflow of S$1.1 million compared to the outflow of S$13.8 million in the previous year.

The Group's cash and bank balances, including pledged deposits, increased to S$55.7 million at December 31, 2013, from S$49.3 million at December 31, 2012.

The Group's Net Asset Value per share as at December 31, 2013 eased marginally to 3.91 cents from 4.15 cents as at December 31, 2012.

Corporate Social Responsibility

As a responsible corporate citizen, the Group is conscious of its obligations to contribute to the society in which it conducts business.

During 2013, we provided financial assistance to the construction of a new 4-storey building for an existing school under the 'Hope Project' in China for needy students. The school, in the FeiXi County of Anhui Province, can take in 800 students and will be ready for use by end of May 2014. The school will also be renamed as "TuanTang Thakral Hope School of GaoDian Township of FeiXi County".

In the same year, we have completed the last installment of charitable donations for scholarships to help needy Vietnamese students to further their higher education at Vietnam National University.

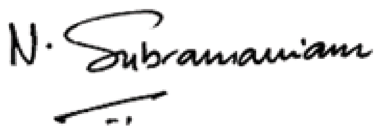
The Group is also proposing charitable donations to the Phu My Orphanage in Ho Chi Minh City, Vietnam. The orphanage is home to several hundred children; many of them are bed-ridden with terminal disabilities. The facility was founded by a Catholic church in 1875 and is now run by the Vietnamese government, with funding assistance from external donors.

Acknowledgements

The Board wishes to thank all customers, employees, business partners and shareholders for your sustained support of the Group.

We would also like to register special gratitude and deep appreciation for the late Mr Jasvinder Singh Thakral's considerable contributions to the Group. He had been on the Board since 1995 and was instrumental in building up the Group's extensive network in the Distribution Division. His passing at the end of last year is a loss to us but his spirit of enterprise and strong work culture will remain as the Group forges ahead with its growth plans in the coming years.

I look forward to your continued support and confidence in us for many more years.



Natarajan Subramaniam
Independent Non-Executive Chairman

MANAGING DIRECTOR'S MESSAGE
DISTRIBUTION

Inderbethal Singh Thakral
Managing Director, Distribution Business

A LIFESTYLE TRANSFORMATION FOR SUSTAINABLE GROWTH

The Distribution Division remains the Group's main gross revenue source. Turnover for the division increased by 32% to S$398.6 million for the year ended December 31, 2013 ("FY2013") primarily from high sales of certain fast-moving low margin items, compared to S$301.5 million in the previous financial year.

However, reduced margins and allowances for aged inventory resulted in the division recording a loss of S$4.1 million for the year against a S$0.8 million loss in the previous year.

The Distribution Division has considerable intellectual capital and knowhow and infrastructure in place in getting products out to legions of retailers and other distributors in China and regionally which are not readily replicated. The Group will continue to capitalize on these assets by diversifying the range of products to meet the changes in market direction.

We shall leverage on our strength in sourcing and on the flexibility of our sales network to reposition ourselves as a Lifestyle Business carrying products that help improve the lives of consumers. A wider product range that caters to a broader consumer base should lead to a more sustainable and stable business resulting in improved prospects and better margins for these products. We will also strengthen our team to take on new product lines and keep the division inspired and motivated to take on new challenges and tap opportunities that arise.

We will also market a new range of lifestyle products in key Asian markets including Cambodia, China, Malaysia, Mongolia, Myanmar, Philippines, Sri Lanka, Thailand, Timor-Leste and Vietnam.

In the past months, this division has already sown the seeds of transformation. We have refreshed our portfolio to focus on more lifestyle products including smart home appliances, environment friendly devices and beauty & health products. Consumer electronics products such as digital cameras now only make up less than 15% of the turnover of the division.

With global concern over environmental damage and the harmful effects of pollution, the demand for eco-friendly and health related products is rising – especially in our key market – China. To participate in the growing trend, we are actively sourcing for environment-care products from reliable brand names.

The new emphasis on lifestyle products has already started from the last quarter of FY2013. During the last quarter of FY2013, we have signed up to start distribution of Winia air purifiers to consumers in China. Winia is South Korea's No. 1 brand with 50% market share in the country. A formal launch will be held around the beginning of the second quarter of FY2014.

We have also launched a new range of innovative eco-friendly home appliances under a leading European brand – Beko – in Singapore, Daewoo for neighbouring markets and are presently looking at adding additional brands to our portfolio. Further, our product portfolio will include car filters and other eco-friendly lifestyle products.

Distribution of skin regenerative equipment from MTG Co., Ltd has commenced and we have added Misfit, a US brand in wearable health monitoring devices, to our product range. This year, we will launch more beauty & health, skincare and baby care products targeting Chinese tourists who shop in Hong Kong as well as customers in China.

To boost our sales & marketing efforts, we will continue to strengthen our management team with professional managers with years of lifestyle and retail experience.

Our new product lines are expected to meet growing demand and enjoy relatively stable margins. In addition to our consumer lifestyle products, we will also work towards enhancing our interior fittings and finishes business, which will focus on eco-friendly products to meet the sustainability requirements of building projects in key markets such as Australia and Canada.

The Board and I are of the view that this shift to lifestyle and environmental related products and moving away from total reliance on electronics products alone is necessary to grow the business in China. The team is motivated and we hope to deliver positive results in the course of this year.

I would like to place on record my appreciation of the team members in the division, who have under very difficult business conditions continued to be committed to the Group and have not allowed their enthusiasm to diminish. I would also like to thank the Board of Directors for their support in the implementation of the new direction for the division.

MANAGING DIRECTOR'S MESSAGE
INVESTMENTS

Jaginder Singh Pasricha
Managing Director, Investments & Corporate

DELIVERING VALUE: DRIVING GROWTH

Our Investment Division has been growing to become a meaningful contributor to the Group's profitability: The division achieved triple-digit growth in its contribution for the financial year ended December 31, 2013 ("FY2013"). The Investment Division looks forward to reporting significant growth into the future.

Our revenue almost doubled to S$14.6 million in FY2013 compared to S$7.8 million in FY2012 while segmental profit expanded significantly to S$9.6 million from S$3.9 million in the previous financial year.

This robust performance reflects the success of our investment strategy in our key market – Australia. Since 2011, the Investment Division has invested more than A$133 million (with A$53 million raised from co-investors and A$44 million funded from senior lender) in projects with a total end value of some A$1 billion.

Our earnings in FY2013 reflected income coming on-stream from the completion of 56 houses in Stage 2 of the GLNG housing project in Australia as well as increased income from new projects. All in all 101 residences have been leased for a seven year period with built in rental increases annually.

The Group's investment properties increased by 6% from S$81.8 million at the end of FY2012 (including those under development) to S$86.6 million at the end of FY2013.

In 2013 the division invested more than A$35 million in three new projects – Union Balmain development in Sydney, Vida Apartments in Brisbane and Gateway project in Mackay, with a total end value of about A$326 million.

The Investment Division, as part of its growth and diversification strategy, is developing additional business platforms whilst enhancing its current core business of participation in high and medium density residential projects in Australia. The four

pillar strategy is to:
(1) diversify the asset classes in which it invests;
(2) diversify the geographical locations for its investments, both within and outside Australia;
(3) develop platforms to access cheaper sources of capital to supplement the capital available from within the Group; and
(4) generate fee based revenue from managing third party capital and assets.

The objective for implementing this four pillar strategy is to enable the Investment Division to meet competitive pressures, protect itself from any market volatility in its existing asset class and to ensure it has access to capital to pursue larger projects.

The Investment Division is currently in documentation for several high density residential projects in Sydney and Brisbane under which the capital committed by the Group is expected to be significant. In addition, other projects in Melbourne and Sydney are in due diligence. Announcements of these projects will be made when legal documentation is executed in due course.

The Investment Division is in discussions for the distribution of its investment product to investors in China seeking residence in Australia under the significant investor programme. Should this initiative succeed, the Group will have access to a large pool of cheaper capital. This initiative will also enable the Investment Division to earn management fees for deploying these funds in standing and developmental assets in Australia.

The Investment Division, as part of its strategy for diversifying its sources of capital has entered into a Memorandum of Understanding with an Australian group based in Melbourne to co-invest with the Group in its projects which meet agreed criteria.

The progressive implementation of the strategy will see this division use the Group's footprint in Asia to seek opportunities outside Australia, generate fee based revenue from managing third party capital and assets and diversify its investments to include standing assets generating income and alternative asset classes.

Against the backdrop of a positive Australian economy, a healthy housing market and good real estate market generally, we maintain a favourable outlook for this division.

I would like to express my appreciation for the contribution of the executive team of Thakral Capital Australia Pty Ltd based in Australia. The continuing dedication and effort of the team will ensure the future growth of the Investment Division.

I would also like to thank the Board of Directors for their support in allowing the management team to undertake innovative initiatives in growing the Investment Division.

FINANCIAL **HIGHLIGHTS**

	FY11	FY12	**FY13**
Revenue (S$ Million)	363.7	309.3	**413.1**
Net Profit (S$ Million)#	9.9	16.8**	**0.01**
Earning Per Share (cent)#	0.32	0.62**	**NIL**
Net Asset Value (cents)	4.31*	4.15	**3.91**

Includes net unrealized valuation gains on investment properties.
* Restated following the adoption of the revised FRS.
**Includes gain on disposal of Thakral Holdings Group shares.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Executive:
Kartar Singh Thakral
Inderbethal 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
Bikramjit Singh Thakral
(Alternate to Kartar Singh Thakral)

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
Chan Wan Mei
Tay Chee Wah

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#03-06 The Riverwalk
Singapore 058416
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 OUE Downtown 2
Singapore 068809
Audit Partner-in-charge
John Tan Hon Chye
Date of Appointment: 26 April 2012

PRINCIPAL BANKERS
Bank of Communications Co., Ltd.
China and Hong Kong

China Merchants Bank Co., Ltd.
China

Westpac Banking Corporation
Australia

United Overseas Bank Limited
Singapore and Hong Kong

BOARD OF **DIRECTORS**


Natarajan Subramaniam


Kartar Singh Thakral


Inderbethal Singh Thakral


Ting Sii Tien @ Yao Sik Tien


Lee Ying Cheun


Jaginder Singh Pasricha


Pratap Chinnan Nambiar


Bikramjit Singh Thakral

Natarajan Subramaniam Age 75
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. Prior to the appointment of Non-Executive Chairman, he was the Deputy Chairman of the Board. Mr Subramaniam was first appointed a Director on 15 November 1995 and was last re-appointed on 25 April 2013. He is also Chairman of the Audit, Investment and Nomination Committees and a member of the Compensation Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider 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 (now known as the Institute of Singapore Chartered Accountants) 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 Singapore Chartered Accountants and the Singapore Institute of Directors. He holds a Bachelor of Arts Degree from the University of Malaya in Singapore.

Kartar Singh Thakral Age 80
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 25 April 2013. 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. 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, the Joint Chairman and Non-Executive Director of Australia listed Thakral Holdings Limited and a non-executive director of India listed GIVO Limited till 22 October 2012 and 31 March 2009 respectively. 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 54
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 25 April 2013.

Mr Bethal has extensive experience in the 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 distribution business market. He is also actively involved in and has an oversight role over the Group's property business at Wujiang Dafa.

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

Ting Sii Tien @ Yao Sik Tien Age 59
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 26 April 2012.

Mr Ting is the Executive Director and Chief Executive Officer ("CEO") of Singapore listed Hong Leong Asia Ltd. ("HLA"). He is also the Group General Manager of Hong Leong Corporation Holdings Pte Ltd, Executive Director and Group CEO of Malaysia listed Tasek Corporation Berhad and Non-Executive Director of Singapore listed HL Global Enterprises Limited. He was previously the Group Chief Financial Officer ("CFO") of HLA and the CFO of New York listed China Yuchai International Limited. Mr Ting has over 28 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.

Lee Ying Cheun Age 72
Independent Non-Executive Director

Mr Lee Ying Cheun is a Non-Executive Director of the Company. He was first appointed a Director on 15 November 1995 and was last re-appointed on 25 April 2013. Mr Lee is the Chairman of the Compensation Committee and a member of the Audit Committee. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Lee to be an independent director.

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 and was an Independent Director on boards of various listed companies. He is currently the Corporate Investment Adviser to Bu Chang Pharmaceuticals Group, China.

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

BOARD OF DIRECTORS

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 66
Executive Director

Mr Jaginder Singh Pasricha is the Managing Director, Investments & Corporate of the Company. He was first appointed a Director on 2 September 2008 and was last re-elected on 26 April 2012. 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 was for a number of years a Non-Executive Director of Thakral Holdings Limited which was listed on the Australian Stock Exchange. 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 59
Independent Non-Executive Director

Mr Pratap Chinnan Nambiar is a Non-Executive Director of the Company. He was first appointed a Director on 28 July 2009 and was last re-elected on 25 April 2013. Mr Nambiar is a member of the Audit Committee and Nomination Committee of the Company. The Board, after due review and taking into consideration the views of the Company's Nomination Committee, considers Mr Nambiar to be an independent director.

Mr Nambiar is the Founder and Executive Chairman of Thought Perfect Pte Ltd, a Singapore based firm offering business performance coaching to CEOs and senior leaders. 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 40 years of international experience including stints in India, Indonesia, the Middle East, Nigeria, USA, Russia, and 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 on leadership to various newspapers and magazines in the Asia Pacific region. He measures leadership effectiveness in organizations and represents The Leadership Circle of USA for this purpose. 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 organization 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.

Bikramjit Singh Thakral Age 38
(Alternate to Kartar Singh Thakral)

Mr Bikramjit Singh Thakral ("Mr Bikram") is an Alternate Director to Executive Director, Mr Kartar Singh Thakral. He was first appointed on 5 July 2013.

Mr Bikram is the Chief Executive Officer and a Director of Thakral One Pte Ltd (a Thakral family owned information technology consulting and services company headquartered in Singapore with operations across Asia Pacific) and a Non-Executive Director of India listed Thakral Services (India) Ltd. Prior to joining the Thakral family companies, Mr Bikram was a management consultant at a leading strategy consulting firm headquartered in Boston, Massachusetts, where he worked with a number of public and private sector organisations in Asia in areas of corporate and consumer strategy.

Mr Bikram holds a Bachelor of Business Administration (Honours) from the National University of Singapore, and has attended executive education at Harvard Business School.

KEY EXECUTIVES

Anil Moolchand Daryanani
Chief Financial Officer

Mr Anil Moolchand Daryanani is the Chief Financial Officer ("CFO") and has overall responsibility for the financial functions at the Group including reporting, risk management, internal controls, financial planning, treasury and taxation with additional responsibilities for legal and corporate secretarial functions. Prior to his appointment as CFO, Anil was the Group Financial Controller. He is a 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 30 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 banks and financial, tax and legal advisers in Hong Kong and Singapore.

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 35 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.

PRINCIPAL OFFICERS

THAKRAL CORPORATION LTD
Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Managing Director, Distribution Business

Jaginder Singh Pasricha
Managing Director, Investments & Corporate

Anil Moolchand Daryanani
Chief Financial Officer

K F Patrick Lau
Group Internal Auditor

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

THAKRAL CAPITAL AUSTRALIA PTY LTD
Melbourne & Sydney, Australia

Jaginder Singh Pasricha
Managing Director

Greggory John Piercy
Executive Director

Victor Shkolnik
Executive Director

Kevin Charles Barry
Executive Director

THAKRAL BROTHERS LIMITED
Osaka, Japan

Kuldip Singh Thakral
Chairman

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

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

SINGAPORE SOURCING & TECHNOLOGY PVT LTD
Noida, India

Dixit Bhatia
Chief Financial Officer

DIGITAL INFO TECHNOLOGY PTE LTD
Singapore

Grace Cheong (Ms)
General Manager

Teo Wee Kiang
Senior Vice President, Business Development

CORPORATE GOVERNANCE REPORT

The Company is committed to enhancing shareholder 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 2012 Code of Corporate Governance (the "Code") except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board assumes responsibility for stewardship of the Group and is collectively responsible for the Group's long–term success. It provides corporate directions, ensures financial and human resources are adequate to meet its objectives, has established a framework of prudent and effective controls which enables risks to be assessed and managed, reviews management performance, and promotes best practice in corporate governance.

The Company has established an extensive list of matters that requires Board approval. The list was last reviewed and updated by the Board during its November 2013 meeting. The latest list covers matters relating to:

- appointment of Chairman, Directors, Managing Director(s), Senior Executive Officers, Company Secretary, Chief Financial Officer, Group Internal Auditor and External Auditors;
- appointment of Board Committees and approving their terms of reference;
- 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 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 who are on the boards of the Company's local and overseas principal subsidiaries;
- announcements to the SGX–ST including approval and release of quarterly and annual financial results and annual reports;
- business strategy and operating budgets;
- related party transaction matters;
- incorporation, acquisition and disposal of subsidiaries or other assets or incurring liabilities over S$4 million (for those below S$4 million authority for approval has been given to the Investment Committee);
- investments, capital projects and other transactions outside the ordinary course of business above S$4 million (for those below S$4 million authority for approval has been given to the Investment Committee);
- treasury policies including foreign currency and interest rate exposure;
- corporate policies in keeping with good corporate governance and business practice;
- establishment and monitoring of a robust and effective system of internal controls that address financial, operational, compliance and information technology risks;

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- disclosure of directors' interests and loan agreements which make reference to control or controlling shareholders' 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;

- prospectus and new issue documents;

- 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.

To optimise operational efficiency, the Board delegates its authority for matters other than those set out in the above list to Board Committees. These Board Committees are the Audit Committee, Compensation Committee, Nomination Committee and Investment Committee. Delegations to Board Committees are disclosed in the relevant Board Committee sections. Management is accountable to the Board. In addition, the Board establishes special purpose committees from time to time to deal with specific matters as required. Delegations assigned to Management have been set out in accordance with a Management Authority Matrix approved by the Board.

The Board meets regularly, 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 each Board and Committee meetings during the financial year ended 31 December 2013 (the "Financial Year") are as follows:

Director	Board	Audit Committee	Compensation Committee	Nomination Committee	Investment Committee
No. of Meetings held	**4**	**4**	**1**	**1**	**1**
Natarajan Subramaniam	4/4	4/4	2/2	1/1	1/1
Kartar Singh Thakral (Alternate: Bikramjit Singh Thakral[1])	4/4	NA	NA	1/1	1/1
Lee Ying Cheun	4/4	4/4	2/2	NA	NA
Pratap Chinnan Nambiar	4/4	4/4	NA	1/1	NA
Inderbethal Singh Thakral	4/4	NA	NA	NA	NA
Jasvinder Singh Thakral[2]	3/4	NA	NA	NA	NA
Jaginder Singh Pasricha	4/4	NA	NA	NA	1/1
Ting Sii Tien @ Yao Sik Tien	4/4	NA	2/2	NA	NA

[1] Appointed on 5 July 2013.
[2] Passed away on 8 December 2013.

Independent directors and non–executive directors have also met separately without Management's presence to discuss matters which arose during the financial year.

The Company has an established policy for new Board members to be briefed by the Chairman. Orientation is required by a new member of the Board to ensure that all incoming directors are familiar with the Group's business activities, strategic directions and policies, key business risks, corporate governance practices as well as their statutory responsibilities as a director. All directors have been provided with a formal letter setting out their duties and obligations with information on the role and responsibilities of non–executive directors, expected time commitment from directors and other relevant matters.

Directors are encouraged to participate in relevant training programmes. From time to time, the Company disseminates information to Board members for their selection on appropriate seminars/workshops, in particular changes to listing and company regulations, corporate governance practices, financial reporting standard changes, risk management, conducted by the Singapore Institute of Directors, SGX and other established bodies. The Company funds all relevant training programmes for Board members. The Chairman attended relevant training programmes during the Financial Year. Non–executive directors visited the Group's overseas offices to review operations and provide strategic guidance.

The Investment Committee was established to assist the Board in reviewing and approving or making recommendations to the Board on any proposed investments 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. Its terms of reference was last reviewed by the Board in November 2013. The role of the Investment Committee is as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amount up to S$4 million;
- to review and recommend to the Board for approval investment proposals exceeding S$4 million. For the avoidance of doubt, the Investment Committee may at its discretion refer any investment proposals, 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 Investment Committee or the Board. The Investment Committee may at its discretion refer any investment proposal even if below S$4 million or variations to the terms of investments previously approved by the Board or the Investment Committee to the Board;
- to recommend to the Board any appropriate extensions or changes in the role and powers of the Investment Committee;
- to retain such professional consultancy firm as the Investment Committee may deem necessary to enable it to discharge its duties herein satisfactorily; and
- to carry out such other duties as may be agreed by the Investment Committee and the Board.

Principle 2: Board Composition and Guidance

The Board currently consists of seven directors of who three are executive, one non–executive and three independent and non–executive. The Company considers directors with one or more relationships as set out in the Code and directors associated with substantial shareholders as non–independent. Among the said relationships under the Code are the relationship with the Company, its related corporation, its 10% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the independent director's judgement. 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, having regard to the scope and nature of the operations of the Company. Considering the nature of the Group's core businesses, the Board is satisfied that the size of the Board is reasonable. The Board is also satisfied that the directors are fully qualified to carry out their responsibilities and bring the required experience to the Board to provide the Group the direction required. The Board will continue to review its size and skill set on a regular basis.

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Non–executive directors continue to constructively challenge and help develop the strategy for business operations and review the performance of Management. To facilitate a more effective check on Management, non–executive directors are also encouraged to meet and do so regularly without Management's presence. Non–executive directors also meet with Management regularly to gain a better understanding of the pressures and opportunities faced by the Group and to provide support and direction.

The independence of each director is assessed by the Company's Nomination Committee with reference to the guidelines set out in the Code. In assessing the independence of the directors, the Nomination Committee has reviewed the various relationships and circumstances set out under the Code which may render a director to be non–independent. After due review, the Nomination Committee considers Mr Pratap Chinnan Nambiar to be an independent director of the Company. For the purpose of evaluating the true independence of directors who have served beyond nine years from the date of their first appointment, a special committee of the Board comprising Mr Kartar Singh Thakral ("Mr Kartar"), Mr Nambiar and Mr Jaginder Singh Pasricha was formed in 2012 to set out the criteria for the basis for the evaluation. The evaluation criteria included reviewing past records and performance as well as level of commitment to determine whether such directors have acted, and are likely to continue to act, in the best interests of the shareholders in an independent manner despite their long tenure. Using these criteria as a basis for its decision, the special committee conducts a rigorous evaluation annually on non–executive long serving director to determine their independence. The special committee had, after their annual evaluation, recommended to the Nomination Committee and the Board that both the Chairman and Mr Lee Ying Cheun continue to be independent though they have been directors for more than nine years. The Nomination Committee and the Board, after due review, consider both the Chairman and Mr Lee as independent directors.

Principle 3: Chairman and Chief Executive Officer

Mr Natarajan Subramaniam, Chairman of the Board, is an independent non–executive director. He leads the Board to ensure its effectiveness on all aspect of the Board's role, is responsible for exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board, encouraging constructive relations within the Board and between the Board and Management and ensuring effective communications with shareholders and compliance with the Group's guidelines on corporate governance.

Mr Inderbethal Singh Thakral ("Mr Bethal") and Mr Jaginder Singh Pasricha as Managing Director, Distribution Business and Managing Director, Investments & Corporate respectively, lead the Group in their respective designated areas of responsibilities. Mr Bethal is the son of Executive Director, Mr Kartar.

Principle 4: Board Membership

The Board has established a Nomination Committee to ensure that there is a formal and transparent process for the appointment and re–appointment of 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 in November 2013.

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The duties of the Nomination Committee are as follows:

- to recommend new appointments, re–election and re–appointments 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 on the 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) the services of any director who has reached the age of seventy (70) years;
- to determine the independence of directors;
- to review training and professional development programs for the Board and make appropriate recommendations to the Board;
- to ensure that directors who have multiple external 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;
- to make plans for succession, in particular for the Chairman of the Board and the Chief Executive Officers; and
- to ensure complete disclosure of information of directors and search and nomination process as required under the Code 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.

All directors are expected to discharge their duties and responsibilities in the interests of the Company. Directors are required to ensure that they are in a position to devote the necessary time commitment and attention to the Company's matters and for the proper performance of their duties. Directors, while holding office, are at liberty to accept other board appointments, other than in listed entities, so long as such appointment is not in conflict with the Company's business and does not materially interfere with their performance as a director of the Company. Directors are required to first discuss with the Chairman of the Board all board appointments in other listed entities and other executive appointments prior to acceptance. Principal commitments will be disclosed by directors. The Board has adopted an internal guideline to address the competing time commitment faced by directors serving on multiple boards. The guideline provides that each director should hold not more than 3 listed company board representation with full time commitment and no more than 4 listed company board representation without full time commitment.

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. Newly appointed directors hold office until the next AGM and are eligible for re–election by shareholders.

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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. However, the Chairman of Nomination Committee is also the Chairman of the Board, the directors are therefore assessed by the Chairman in consultation with the Nomination Committee. 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. The feedback and recommendation from the directors are reviewed and discussed by the Board collectively. 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 candour, preparedness, participation, attendance, contributions to discussions 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 satisfactory.

Principle 6: Access to Information

The Board receives management accounts and a status report of activities each month. The Board members meet every quarter to review the operations of the Company and approve the issue of the quarterly results announcements to the SGX–ST and ancillary issues. Prior to the Board meetings, Board members are given sufficient notice and provided with Board papers incorporating the quarterly management accounts, announcement of the quarterly results, press releases and papers relating to each agenda item. The management accounts package is circulated to directors when finalized after each month end. This 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 these 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, email and personally. 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 which 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 in November 2013. 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 the remuneration payable to each of the above category 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 group or individual performance that is aligned with the interests of shareholders in promoting long–term success of the Company.

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 while ensuring non–executive directors are not over–compensated to the extent that their independence may be compromised. 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.

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Disclosure of directors' and key executives' remuneration during the Financial Year is tabulated below:

Directors' Remuneration:

Name of Director	Remuneration S$'000	Fees %	Salary %	Bonus/Ex–gratia %	Benefits %	Total %
Jaginder Singh Pasricha	717.2	–	74	22	4	100
Inderbethal Singh Thakral	594.7	–	25	7	68	100
Jasvinder Singh Thakral[1]	551.1	–	43	–	57	100
Kartar Singh Thakral	315.5	–	98	–	2	100
Natarajan Subramaniam	232.5	100	–	–	–	100
Lee Ying Cheun	99.0	100	–	–	–	100
Pratap Chinnan Nambiar	82.5	100	–	–	–	100
Ting Sii Tien @ Yao Sik Tien	71.5	100	–	–	–	100

[1] Passed away on 8 December 2013.

No share options have been granted to any director during the Financial Year.

Key Senior Executives' Remuneration:

Name of Executive	Salary %	Bonus/Ex–gratia %	Benefits %	Total %
S$500,000 to below S$750,000				
Sanjib Sengupta[1]	19	–	81[2]	100
S$250,000 to below S$500,000				
Kanwaljeet Singh Dhillon	56	–	44	100
Kevin Charles Barry	66	34	–	100
Greggory John Piercy	66	34	–	100
Victor Shkolnik	66	34	–	100
Below S$250,000				
Anil Moolchand Daryanani	66	3	31	100
K F Patrick Lau	88	7	5	100

[1] Left on 31 July 2013.
[2] Includes separation payments.

No share options have been granted to the above key senior executives during the Financial Year.

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Remuneration of Immediate Family Member of Director Exceeding S$50,000:

Name of Immediate Family Member of Director	Salary %	Bonus/Ex–gratia %	Benefits %	Total %
S$100,000 to below S$150,000				
Kuldip Singh Thakral	100	–	–	100
Satbir Singh Thakral	44	7	49	100
Below S$100,000				
Harminder Kaur Pasricha	100	–	–	100
Indergopal Singh Thakral	48	–	52	100

Mr Kuldip Singh Thakral, Chairman of Thakral Brothers Limited, Osaka, is the brother of Mr Kartar and the father of the late Mr Jasvinder Singh Thakral ("Mr Jasvinder").

Mr Satbir Singh Thakral is the son of Mr Bethal. He is the Project Manager of the Media Games Division of the Company's wholly–owned subsidiary, Thakral China Ltd ("TCN").

Mrs Harminder Kaur Pasricha is the wife of Mr Jaginder Singh Pasricha. She provides administrative support duties in the Group's Melbourne Office and from time to time, as required, assist with the conduct and management of due diligence on transactions undertaken by the Group in Australia.

Mr Indergopal Singh Thakral is the son of the late Mr Jasvinder, an Executive Director of the Company. He was the Sales & Marketing Manager of the Media Games Division in TCN until 31 July 2013.

No share options have been granted to the above–mentioned immediate family member of directors 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. In addition, 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 both expired on 30 March 2011. The Board has reviewed and opined that it is not an appropriate time for the Group to implement new long term employee incentive schemes for the present.

Further information on the 2001 Scheme has been disclosed in the Report of the Directors from page 39 to 41.

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ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (as required).

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

The Board in turn provides shareholders with quarterly and full year financial statements and review of the Company's performance, financial position and prospects including all reportable price sensitive information via announcements through SGXNET within the regulatory reporting period. The quarterly and full year unaudited financial results are prepared in accordance with the Singapore Financial Reporting Standards. Accompanying press release and results presentations, where applicable, are also released simultaneously. All such announcements and releases are also updated on the Company's website (www.thakralcorp.com).

The Board also provides negative assurance confirmation to shareholders in relation to its unaudited quarterly financial results in accordance with listing rule 705(5) to assure shareholders that to the best of the Board's knowledge, nothing has come to the attention of the Board which may render such unaudited results to be false or misleading in any material aspect.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and setting the overall internal control framework within the Group to manage risks and safeguard the interests of shareholders and assets of the Group. The Board believes in managing risks in a cost effective manner, while avoiding taking on excessive risk of failure, to achieve business objective.

To strengthen the risk management process, Management has established a risk management framework which requires review of the universe of risks for the Group's businesses along with determination of risk appetite and risk tolerance, the likelihood of the risk, the risk mitigation action plan and its impact after action plan and mitigation. The universe of risks aggregates the significant risks faced by the Group. The boundary of risk taking, beyond which the Group shall not venture, is defined after the determination of the risk appetite and risk tolerance. Business/strategic, operational, financial, compliance related, information technology as well as related party transaction risks are covered under the universe of risks.

The Board has reviewed the risk management framework which sets out the universe of risks of the Group, taking into consideration the nature and extent of the significant risks acceptable by the Board to achieve its strategic objectives, and approved the same for implementation by the Management. The Board continues to oversee Management in monitoring the risk management and internal control systems.

An annual assessment of the material internal and risk controls in the Company has been undertaken by the internal auditor 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 has also received assurance from the Managing Directors and the Chief Financial Officer for the Financial Year that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) after due review, the Group's risk management and internal control systems and procedures in place are effective and adequate in addressing financial, operational and compliance risks of the Group and are operating satisfactorily.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Management, the various Board Committees and Managing Directors of the two divisions, the Audit Committee and the Board are of the opinion that the Group maintains a robust and effective risk management and internal control systems which were adequate in addressing financial, operational, compliance and information technology risks as at end of the Financial Year.

Principle 12: Audit Committee

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 retired as a senior 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 a MBA holder from the National University of Singapore. He is the Founder and Executive Chairman 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 past active participation in relevant Audit Committee workshops which equips him with the knowledge of 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's Terms of Reference clearly set out its authority and duties. The Terms of Reference were last reviewed and revised in November 2013. 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, including significant changes financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance, before consideration and adoption by the Board;
- to assess and provide a negative confirmation on the character and integrity of the Chief Financial Officer (or its equivalent rank) of the Company as and when required under the Listing Manual;
- 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 and ensuring that the scope of the external auditors' examination has not been restricted or influenced in any manner by Management;
- to review the scope and results of the external audit and the independence and objectivity of the external auditors. This also includes evaluating any non–audit services to the Company, the nature and extent of such services in order to balance the maintenance of objectivity and cost effectiveness to ensure that the independence of the auditors would not be compromised;
- to evaluate the effectiveness of the external auditors' efforts;
- to review and recommend to the Board the appointment, re–appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

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- to review the adequacy and effectiveness of internal controls and risk management policies and systems established by Management;

- to review the adequacy and effectiveness of the Company's internal audit function and ensure that the internal audit function is adequately resourced, has the appropriate standing within the Company and independent of the activities it audits;

- to review the scope and results of the internal audit procedures and peruse regular reports submitted by the Head of the Internal Audit Department;

- to review the appointment, removal, evaluation and compensation of the internal audit function and ensure that it is adequately staffed with competent personnel;

- to review and discuss with internal and/or external auditors their report on major accounting and control issues observed during the annual audit and review management's implementation of the recommended improvement actions;

- to discuss problems and concerns, if any, arising from the quarterly, interim and final audits, and any matters which the external auditors may wish to discuss and with the internal auditors without the presence of Management at least annually;

- to discuss the internal accounting controls with Management and be satisfied with their effectiveness;

- to review the arrangements for monitoring compliance with important regulatory or legal requirements and for monitoring sensitive transactions;

- to review the nature and appropriate disclosure of related party transactions on a quarterly basis;

- to review the policy and arrangements by which staff of the Company or any other persons 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 or any other persons as a result of the Group's whistle blowing policy; and

- to examine any other matters referred to by the Board.

The aggregate amount of fees paid to the auditors, broken down into audit and non–audit services have been disclosed in the notes to financial statements. In accordance with its 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 2013 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 complied 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 auditor and the internal auditor 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 four times during the Financial Year and details of their activities are disclosed in the Directors' Report.

CORPORATE GOVERNANCE REPORT

Whistle–blowing Policy

The Audit Committee has established and put in place a whistle–blowing policy and procedures to provide employees and any other person with well–defined and accessible channels within the Group, including direct communications via electronic mail, telephone and post to the Audit Committee and Group Internal Auditor ("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 oversight function over the administration of the policy while the GIA administers the policy. In addition, the GIA also furnishes 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 is reviewed annually by the Audit Committee and the document, whether revised or not upon such review, is circulated to employees after each annual review. The Audit Committee reviewed the policy and procedures statement on 24 February 2014 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 2013 under review (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	–	43,152
Sales, net of returns	–	1,423

CORPORATE GOVERNANCE REPORT

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.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board treats all shareholders fairly and equitably. It recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates such governance arrangements.

The Company recognizes the importance of engaging in effective communications with its shareholders and is committed to provide to shareholders and the investing public, timely, relevant, transparent and quality information on its financial data, corporate strategies as well as material updates and developments of the Group. Hence, the Company has put in place an investor relations policy to promote regular, effective and fair communication with shareholders whereby pertinent information can be regularly conveyed to shareholders.

Shareholders are kept informed of changes of the Group which would likely affect the price or value of the Company's shares on a timely basis. The Board provides such information and quarterly and full year financial statements and review of the Company's performance, financial position and all other reportable information via announcements through SGXNET. In line with continuing disclosure requirements under the Listing Manual, the Company observes an "open door" policy in dealing with analysts, journalists, stockholders and others and will avoid selective disclosure at all times. Information disseminated through SGXNET, are made available on the Company's website to allow for fair access to information through these channels by shareholders and the investing public. To facilitate dissemination, the Company's investor relations agency would also provide copies of the information to various news agencies and media.

Shareholders are entitled to receive the Company's Annual Report together with the relevant AGM notice to be updated on the annual performance of the Group and be notified to attend the AGM, either in person or be represented by proxy, to exercise their vote on resolutions proposed at the AGM. 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. Shareholders are also notified of all general meetings through hard copy of notices of general meetings mailed to them at least 14 days in advance to provide ample time for them to make arrangement to attend and participate in all general meetings.

The Company has ceased paid research services for publishing analysis of the Company's business and results. The Board has taken the view that the reports issued do not advance information on the Company already in the public domain and published by the Company from time to time.

CORPORATE GOVERNANCE REPORT

The Company's website is well maintained and updated on a timely basis. The website provides comprehensive and up to date information on the Group including its corporate profile, principle businesses, directors' profile, corporate milestones, its general announcements for up to the last one year, results announcements and annual reports for the past 3 years as well as analyst reports up to the past year. The Company used to have a Chinese investor relations website which sets out additional information such as the Company's share price details, price charts and Lianhe Zaobao news articles covering the Company until the provider has ceased to continue provision of such website during the Financial Year. However, details of the Company's share price and charts are currently still accessible through SGX's website.

The Company's contact details are made available on its website to enable shareholders and investors to submit their enquiries through various means such as online submission, electronic mail, facsimile, telephone and post.

In ensuring that shareholders and investors are given proper attention, the Company has at present engaged an investor relations agency to support the investor relations function and responsibility.

The Board concurred that the Company's dividend policy was to declare dividend subject to availability of profits and cash.

The AGM is the principal forum for dialogue with shareholders. All directors of the Company, the Chief Financial Officer and representatives of the external auditors shall be present at the AGM to address queries from shareholders. Shareholders will therefore have the opportunity to exchange their views on the Group's affairs as well as address questions to the Board. The Company shall ensure that the minutes of its general meetings have been prepared to include substantial and relevant queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. The minutes of the Company's general meetings are available for shareholders' inspection upon their request in accordance with the Company's articles of association and pursuant to any applicable legislation.

The Company, through its investor relations agency, organises briefing for its results announcement and major updates where appropriate. Such briefings are to explain and assist analysts and media to better understand the Group's results and business. From time to time, additional meetings or interviews with analysts and the media (either on a group or one–on–one basis) may be scheduled to provide updates on the Group's major developments.

Where presentation slides are used at such briefings and all other meetings/interviews with analysts and media, these are released via SGXNET and uploaded on the Company's website.

The Company may also participate periodically in roadshows hosted by analyst and stock broking firms to create more awareness of the Group's business and direction.

Through interaction of the Company›s senior management with the media and analysts, the Company obtains feedback of the issues that may be of concern to investors and shareholders so that these matters can be addressed in the future.

The Company does not intend to implement absentia voting through mail, electronic mail or fax in view of security, integrity and other pertinent issues of such voting methods. In the event that the shareholders are unable attend the general meetings in person, the Company's articles of association allows such shareholders to appoint one or two proxies to attend and vote on their behalf. In practice, the Company allows corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate at general meetings as proxies provided the grantor of the proxies is able to certify that the proxies have been duly appointed in accordance with the instructions of the beneficial owners of shares held through them. The Company intends to amend its articles of association to expressly allow for appointment of such proxies in due course after the proposed amendments to the Singapore Companies Act have been passed. CPF investors in the Company's securities, with proper request submitted through their agent bank within the stipulated timeline, are also allowed to attend general meetings of the Company as observers.

CORPORATE GOVERNANCE REPORT

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The voting for all resolutions tabled at general meetings is by a show of hands in accordance with the Company's articles of association unless a poll has been validly demanded. The voting and polling procedures are read out to shareholders prior the carrying out each procedure during general meetings.

The Code has recommended that all resolutions at general meetings be voted by poll. However, having given due consideration to the time and costs involved for polling, the policy of the Company is that resolutions will only be put to vote by poll where the registered proxies for any resolution are below that of the minimum approval number required to approve such resolutions. Polling will be conducted, whenever validly demanded at general meetings. Further, the Company will implement compulsory polling for all resolutions in accordance with the new listing rule from its effective date of 1 August 2015. Detailed results of the poll conducted at its general meetings showing the number of votes casted for and against each resolution and the respective percentages shall be announced through SGXNET.

DEALINGS IN SECURITIES

The Company has adopted internal codes to comply with the requirements of the Listing Manual. Its officers are prohibited from dealing in the Company's securities during the period commencing (i) two weeks before the announcement of the Company's quarterly results and (ii) one month before the announcement of the Company's full year results, until after the release of the relevant results announcement. The Company notifies its officers in advance of the commencement each of the window closure periods. The internal code also highlights to its officers that it is an offence to deal in the securities of the Company while in possession of unpublished price sensitive information and discourages officers from dealing in the Company's securities on short–term considerations.

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, 2013.

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	
Lee Ying Cheun	
Ting Sii Tien @ Yao Sik Tien	
Jaginder Singh Pasricha	
Pratap Chinnan Nambiar	
Bikramjit Singh Thakral	(Appointed on July 5, 2013 as Alternate Director to Kartar Singh Thakral)

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 paragraphs 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 interests 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:

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings registered in name of directors			Shareholdings in which directors are deemed to have an interest		
Name of directors and companies in which interests are held	At beginning of year or date of appointment, if later	At end of year	As at January 21, 2014	At beginning of year or date of appointment, if later	At end of year	As at January 21, 2014
The Company			Ordinary shares			
Kartar Singh Thakral	–	–	–	781,473,230	781,473,230	781,473,230
Inderbethal Singh Thakral	–	–	–	781,473,230	781,473,230	781,473,230
Jaginder Singh Pasricha	–	–	–	–	41,964,000	80,000,000
Bikramjit Singh Thakral	178,000	178,000	178,000	384,525,576	384,525,576	384,525,576
Subsidiary – TCAP Pte Ltd			Ordinary shares			
Jaginder Singh Pasricha	–	–	–	12,250	12,250	12,250

By virtue of section 7 of the Singapore Companies Act, Mr Kartar Singh Thakral and Mr Inderbethal Singh Thakral are deemed to have an interest in all the related corporations of the Company.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the year, no director 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 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. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

There were certain transactions (disclosed 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.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS (cont'd)

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, 2012	Cancelled or lapsed	Exercised	Balance as at December 31, 2013	Exercise price (S$)	Exercisable period
Apr 7, 2003	5,000,000	(200,000)	(4,800,000)	–	0.01	Apr 7, 2004 to Apr 6, 2013
Mar 8, 2004	7,350,000	(2,330,000)	–	5,020,000	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	5,220,000	(1,390,000)	–	3,830,000	0.07	Apr 1, 2006 to Mar 31, 2015
Apr 3, 2006	832,500	(10,000)	–	822,500	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
	19,392,500	(3,930,000)	(4,800,000)	10,662,500		

During the year, 200,000 share options expired upon the lapsing of the exercisable period and 3,730,000 share options were cancelled upon the employees leaving the Group.

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.

5 SHARE OPTIONS (cont'd)

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

The details of the outstanding 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 cancelled 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	(2,000,000)	(3,200,000)	–

* Passed away on December 8, 2013

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 four 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 Group 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

March 27, 2014

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 45 to 103 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, 2013, 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

March 27, 2014

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 consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2013, and the consolidated statement of profit or loss, 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 45 to 103.

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, 2013 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
Chartered Accountants

Singapore
March 27, 2014

STATEMENTS OF FINANCIAL POSITION

December 31, 2013

	Note	Group 2013 S$'000	Group 2012 S$'000	Company 2013 S$'000	Company 2012 S$'000
ASSETS					
Current assets					
Cash and bank balances	7	47,768	30,565	185	315
Trade receivables	8	26,423	30,731	–	–
Other receivables and prepayments	9	26,451	6,149	165	183
Bills receivable		145	–	–	–
Loans receivable	15	2,500	4,759	–	–
Inventories	10	34,148	46,476	–	–
Total current assets		137,435	118,680	350	498
Non–current assets					
Property, plant and equipment	11	5,403	6,038	21	12
Investment properties	12	86,612	63,124	–	–
Investment properties under development	13	–	18,680	–	–
Subsidiaries	14	–	–	121,608	123,111
Loans receivable	15	19,842	901	–	–
Pledged fixed deposits	7	7,947	18,766	–	–
Available–for–sale investments	16	7	3,436	–	–
Total non–current assets		119,811	110,945	121,629	123,123
Total assets		257,246	229,625	121,979	123,621
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	20,361	8,120	–	–
Bills payable and trust receipts	18	18,427	10,533	–	–
Bank overdrafts and loans	19	47,591	35,895	–	–
Other payables	20	12,377	12,492	357	547
Provisions	21	3,630	4,069	39	27
Income tax payable		165	676	–	–
Total current liabilities		102,551	71,785	396	574
Non–current liabilities					
Amount owing to a subsidiary	14	–	–	24,216	22,995
Loans from financial institutions and banks	19	47,484	44,685	–	–
Deferred tax liability	22	383	102	–	–
Total non–current liabilities		47,867	44,787	24,216	22,995
Capital, reserves and non–controlling interests					
Issued capital	23	72,579	72,531	72,579	72,531
Reserves	24	29,782	35,965	24,788	27,521
Equity attributable to equity holders of the Company		102,361	108,496	97,367	100,052
Non–controlling interests		4,467	4,557	–	–
Total equity		106,828	113,053	97,367	100,052
Total liabilities and equity		257,246	229,625	121,979	123,621

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2013

		Group	
	Note	2013	2012
		S$'000	S$'000
Revenue	26	413,139	309,258
Cost of sales		(387,220)	(287,198)
Gross profit		25,919	22,060
Other operating income	27	2,190	17,283
Distribution costs		(5,740)	(5,609)
Administrative expenses		(17,920)	(18,964)
Other operating expenses		(508)	(475)
Finance income		1,341	1,230
Finance costs	28	(7,323)	(3,743)
Valuation gains on investment properties	12	2,616	5,424
Profit before income tax		575	17,206
Income tax expense	29	(565)	(444)
Profit for the year	30	10	16,762
(Loss) Profit attributable to:			
Equity holders of the Company		(101)	16,184
Non–controlling interests		111	578
		10	16,762
Basic (loss) earnings per share (cent)	32	(0.00)	0.62
Diluted (loss) earnings per share (cent)	32	(0.00)	0.62

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2013

	Group	
	2013	2012
	S$'000	S$'000
Profit for the year	10	16,762
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus on transfer of property from property, plant and equipment to investment properties	307	–
Deferred tax relating to components of other comprehensive income that will not be reclassified subsequently	(25)	–
Items that may be reclassified subsequently to profit or loss		
Translation loss arising on consolidation	(3,674)	(7,491)
Reclassification from other comprehensive income to profit or loss upon disposal of available-for-sale investments	–	(14,978)
Net fair value changes of available-for-sale investments	–	7,281
Other comprehensive loss for the year, net of tax	(3,392)	(15,188)
Total comprehensive (loss) income for the year	(3,382)	1,574
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	(3,568)	1,248
Non–controlling interests	186	326
	(3,382)	1,574

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2013

	Issued capital	Asset revaluation reserve	Fair value adjustment reserve	Options reserve	Foreign currency 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
Group									
Balance at January 1, 2012	72,531	2,911	7,697	759	(16,953)	45,527	112,472	5,554	118,026
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	16,184	16,184	578	16,762
Other comprehensive loss for the year	–	(160)	(7,697)	–	(7,079)	–	(14,936)	(252)	(15,188)
Total	–	(160)	(7,697)	–	(7,079)	16,184	1,248	326	1,574
Transactions with owners, recognised directly in equity									
Dividends (Note 31)	–	–	–	–	–	(5,224)	(5,224)	–	(5,224)
Dividend paid to non–controlling shareholders	–	–	–	–	–	–	–	(1,323)	(1,323)
Total	–	–	–	–	–	(5,224)	(5,224)	(1,323)	(6,547)
Balance at December 31, 2012	72,531	2,751	–	759	(24,032)	56,487	108,496	4,557	113,053
Total comprehensive loss for the year									
(Loss) Profit for the year	–	–	–	–	–	(101)	(101)	111	10
Other comprehensive income (loss) for the year	–	374	–	–	(3,841)	–	(3,467)	75	(3,392)
Total	–	374	–	–	(3,841)	(101)	(3,568)	186	(3,382)
Transactions with owners, recognised directly in equity									
Dividend (Note 31)	–	–	–	–	–	(2,615)	(2,615)	–	(2,615)
Dividend paid to non–controlling shareholders	–	–	–	–	–	–	–	(276)	(276)
Issue of shares on exercise of employees' share options	48	–	–	–	–	–	48	–	48
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	–	–	(496)	–	496	–	–	–
Total	48	–	–	(496)	–	(2,119)	(2,567)	(276)	(2,843)
Balance at December 31, 2013	72,579	3,125	–	263	(27,873)	54,267	102,361	4,467	106,828

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2013

	Issued capital	Options reserve	Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000
Company				
Balance at January 1, 2012	72,531	759	27,498	100,788
Profit for the year, representing total comprehensive income for the year	–	–	4,488	4,488
Transactions with owners, recognised directly in equity				
Dividends (Note 31)	–	–	(5,224)	(5,224)
Balance at December 31, 2012	72,531	759	26,762	100,052
Loss for the year, representing total comprehensive loss for the year	–	–	(118)	(118)
Transactions with owners, recognised directly in equity				
Dividend (Note 31)	–	–	(2,615)	(2,615)
Issue of shares on exercise of employees' share options	48	–	–	48
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	(496)	496	–
Balance at December 31, 2013	72,579	263	24,525	97,367

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2013

	Group	
	2013	2012
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	575	17,206
Adjustments for:		
Depreciation expense	508	475
Dividend income and interest income from unquoted investments	(3,799)	(2,384)
Interest expense	7,323	3,743
Interest income	(1,341)	(1,230)
Gain on disposal of property, plant and equipment	(15)	(33)
Gain on disposal of available–for–sale investments	–	(14,978)
Gain on disposal of subsidiaries	–	(99)
Valuation gains on investment properties	(2,616)	(5,424)
Net foreign exchange gain	(2,517)	(325)
Impairment loss on available–for–sale investments	–	24
Reversal of impairment loss on property, plant and equipment	(170)	–
Provision for employee benefits	315	2,295
Allowance for inventories	956	1,445
Allowance for doubtful trade receivables	1,400	252
(Reversal) Allowance for doubtful other receivables	(1)	6
Operating cash flows before movements in working capital	618	973
Trade receivables	4,144	(2,634)
Other receivables and prepayments	(20,128)	(734)
Inventories	13,359	2,821
Trade payables	11,836	(8,526)
Other payables and provisions	(1,130)	(1,383)
Cash generated from (used in) operations	8,699	(9,483)
Dividend income and interest income received from unquoted investments	–	803
Income tax paid	(850)	(1,189)
Interest paid	(7,230)	(4,552)
Interest received	465	654
Net cash from (used in) operating activities	1,084	(13,767)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Year ended December 31, 2013

	Group	
	2013	2012
	S$'000	S$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(76)	(620)
Proceeds from disposal of property, plant and equipment	18	87
Proceeds from disposal of available–for–sale investments	3,801	21,140
Proceeds from disposal of held–to–maturity investment	–	6,377
Repayment of loans receivable – current and non–current	6,041	–
Disposal of subsidiaries (Note 33)	–	(5)
Additions to investment properties and investment properties under development	(8,018)	(50,610)
Additions to loans receivable – current and non–current	(20,554)	(1,694)
Additions to available–for–sale investments	–	(3,428)
Net cash used in investing activities	(18,788)	(28,753)
FINANCING ACTIVITIES		
Proceeds from issue of shares on exercise of employees' share options	48	–
Dividend paid to non–controlling shareholders	–	(1,323)
Dividends paid	(2,615)	(5,224)
(Increase) Decrease in fixed deposits with maturities exceeding three months	(114)	7,884
Increase in pledged fixed deposits	(3,685)	(6,189)
Increase in bills payable and trust receipts	7,592	3,461
Increase in bank loans and loans from financial institutions	17,671	43,059
Net cash from financing activities	18,897	41,668
Net increase (decrease) in cash and cash equivalents	1,193	(852)
Cash and cash equivalents at beginning of year (Note 7)	25,668	29,066
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(928)	(2,546)
Cash and cash equivalents at end of year (Note 7)	25,933	25,668

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1 GENERAL

The Company (Registration No. 199306606E) is incorporated and domiciled in 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 activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 14.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 27, 2014.

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").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share–based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. 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 except as disclosed below:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year. Under the amendments to FRS 1, the Group grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to FRS 107 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. There was no material impact on the Group's financial statements as the Group does not have any significant financial assets and financial liabilities that qualify for offset.

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non–financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share–based payment transactions that are within the scope of FRS 102 *Share–based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 *Separate Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions. The management is currently evaluating the impact on application of FRS 110.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the Group expects extended disclosures relating to its interests in subsidiaries.

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set–off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management does not anticipate that the application of these amendments to FRS 32 will have a material impact on the Group's consolidated financial statements as the Group does not have any significant financial assets and financial liabilities that qualify for offset.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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). The financial statements 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 profit or loss and 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 of these subsidiaries are carried at net realisable (settlement) values and all their liabilities and known losses have been provided for as at the end of each reporting period and all their 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 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.

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.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non–controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (ie. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 in accordance with 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.

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 share–based payment transactions of the acquiree or the replacement of an acquiree's share–based payment awards transactions with share–based payments awards transactions of the acquirer are measured in accordance with the method in FRS 102 *Share–based Payment* at the acquisition date; 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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 (including all fees on points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) 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 other than those financial instruments "at fair value through profit or loss".

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: "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.

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 fair value adjustment 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 available–for–sale monetary 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 initially recognised at fair value plus transaction costs, and subsequently 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 available–for–sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re–organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 25 days (2012: 36 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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 to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially recognised 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 loans and overdrafts are initially recognised 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).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 accumulated 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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, 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) Ltd (which is an independent firm of valuers).

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

The gain or loss arising on 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 AND INVESTMENT PROPERTIES UNDER DEVELOPMENT – Investment properties and investment properties under development, which are properties held to earn rentals and/or for capital appreciation, are measured initially at 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 NON–FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non–financial 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 asset 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 (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 (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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, 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.

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 the number of equity instruments that will eventually vest and adjusted for the effect of non market–based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the options reserve.

Details of the determination of fair value of such options are disclosed in Note 25.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

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 or sale.

All other borrowing costs are recognised in profit or loss 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 qualifying 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 profit or loss 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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 on 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 assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. Except for investment properties measured using the fair value model, 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 translation 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.

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 net of bank overdrafts, 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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 financial statements within the next year, are discussed below.

<u>Allowances for inventories</u>

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 10.

<u>Allowances for receivables</u>

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables, other receivables and loans receivable. Allowances are applied to these 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 these receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade receivables, other receivables and loans receivable are disclosed in Notes 8, 9 and 15 respectively.

<u>Impairment of investments in subsidiaries</u>

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 14.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

Valuation of investment properties and investment properties under development

The Group's investment properties and investment properties under development with carrying amounts of S$86,612,000 (2012 : S$63,124,000) (Note 12) and S$Nil (2012 : S$18,680,000) (Note 13) respectively, are stated at their estimated fair values which are determined annually by management and independent professional valuers on an open market value basis. These estimated fair values may differ from the prices at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of uncontrollable factors, such as overall market conditions. As a result, actual results of operations and realisation of these properties could differ from the estimates set forth in these financial statements. If the actual fair values of investment properties and investment properties under development differ by 10% from the estimates used for these financial statements, the carrying value of these properties and their related fair value changes in the profit or loss would be increased or decreased by S$8,661,000 (2012 : S$8,180,000).

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	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Loans and receivables (including cash and bank balances)	106,047	90,592	321	466
Available–for–sale investments	7	3,436	–	–
Financial liabilities				
Amortised cost	142,214	107,483	24,573	23,542

(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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

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

(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 loans receivable. Cash and cash equivalents are placed with credit–worthy financial institutions. Loans receivable, representing the Group's investments in real estate projects in Australia, are entered into following an in–depth due diligence process and only upon meeting the Group's criteria. 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. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

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 receivables, other receivables and loans receivable which are provided to key management are disclosed in Notes 8, 9 and 15 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 certain concentration of credit risk as approximately 65% (2012 : 59%) of the total trade and other receivables (excluding advances to suppliers and prepayments) were due from the Group's ten largest customers. As at December 31, 2013, the Group holds security cheques and deposits from customers representing approximately 22% (2012 : 63%) 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 18 and 19. 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 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

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

(ii) Interest rate risk management (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit before tax for the year ended December 31, 2013 of the Group would decrease/increase by S$387,000 (2012 : profit before tax decrease/increase by S$363,000).

The Company has no interest–bearing instruments and is not affected by the changes in interest rates.

(iii) Foreign exchange risk management

The Group transacts business in various foreign currencies that are not the functional currencies of the transacting subsidiaries, including the United States Dollar, Hong Kong Dollar, Japanese Yen and Singapore Dollar. The Group is therefore exposed to foreign exchange risk. 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.

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

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

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2013	2012	2013	2012	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	21,810	17,556	16,461	19,574	9	11	–	–
Hong Kong dollars	24	17	12,423	18,752	11	11	24,204	22,973
Singapore dollars	248	393	322	2,736	–	–	–	–

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).

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

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.

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

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2013	2012	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Profit for the year	(588)	137	1,222	1,846	9	239
Other equity	53	65	18	(28)	(2)	(5)
Company						
Profit for the year	(1)	(1)	2,419	2,296	–	–
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		Hong Kong dollar impact		Singapore dollar impact	
	2013	2012	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Profit for the year	588	(137)	(1,222)	(1,846)	(9)	(239)
Other equity	(53)	(65)	(18)	28	2	5

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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)

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2013	2012	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company						
Profit for the year	1	1	(2,419)	(2,296)	–	–
Other equity	–	–	–	–	–	–

The Group's sensitivity to foreign currencies have increased in relation to the United States dollars during the current year mainly due to the increase in sales denominated in United States dollars which resulted in higher United States dollar denominated receivables. The Group's sensitivity in relation to the Hong Kong dollars decreased due to payments made during the year resulting in lower Hong Kong dollar denominated payables.

(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

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

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

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
2013						
Non–interest bearing	–	28,712	–	–	–	28,712
Variable interest rate instruments	4.17	65,471	49,111	4,266	(9,119)	109,729
Fixed interest rate instruments	14.06	–	4,303	–	(530)	3,773
		94,183	53,414	4,266	(9,649)	142,214
2012						
Non–interest bearing	–	16,370	–	–	–	16,370
Variable interest rate instruments	5.62	43,006	44,790	4,576	(5,519)	86,853
Fixed interest rate instruments	18.37	–	5,042	–	(782)	4,260
		59,376	49,832	4,576	(6,301)	107,483
Company						
2013						
Non–interest bearing	–	357	24,216	–	–	24,573
2012						
Non–interest bearing	–	547	22,995	–	–	23,542

As disclosed in Note 19, the Group has a 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 payment in 2020 as per the agreed schedule and thus avoid the need for the lender to demand early repayment.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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.

Financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
Group				
2013				
Available–for–sale investments:				
Club debenture	7	–	–	7
2012				
Available–for–sale investments:				
Unquoted finance fund	3,428	–	–	3,428
Club debenture	8	–	–	8
	3,436	–	–	3,436

No sensitivity analysis has been performed for the club debenture as it is not material.

Financial assets measured at fair value based on level 3

	Available–for–sale investments
	S$'000
Group	
As at January 1, 2012	36
Translation adjustment	(4)
Allowance for impairment in value	(24)
Additions	3,428
As at December 31, 2012	3,436
Translation adjustment	(437)
Additions	809
Disposal	(3,801)
As at December 31, 2013	7

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

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

(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.

As at December 31, 2013 and 2012, the Group did not have any outstanding derivative contracts.

(vii) Price risk management

Following the sale of its equity investments, the Group has not been exposed to equity price movement risks. Details of its fund investments are disclosed in Note 16.

Price sensitivity

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

In respect of available–for–sale investments, if the price had been 10% higher while all other variables were held constant, the Group's fair value adjustment reserve would increase by S$Nil (2012 : S$343,000). If the price had been 10% lower while all other variables are held constant, the Group's profit before tax for the year would decrease by S$Nil (2012 : S$343,000).

(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 18 and 19 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 23 and 24. The Group monitors capital using a gearing ratio, which is total debt divided by equity. As at December 31, 2013, the Group's gearing ratio is 1.11 (2012 : 0.84).

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 years ended December 31, 2013 and 2012.

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 2012.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 except the amount due to a subsidiary which is considered as non–current.

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 (ie. companies in which certain directors have interest) were as follows:

	2013		2012	
	The Company	Subsidiaries of the Company	The Company	Subsidiaries of the Company
	S$'000	S$'000	S$'000	S$'000
Sales, net of returns	–	8,513	–	3,293
Purchases, net of returns	–	(61,914)	–	(58,403)
Service fees paid	–	(263)	–	(61)
Commission paid	–	(115)	–	(210)
Commission income	–	83	–	314
Lease payments under operating lease	(84)	(64)	(78)	–

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of directors and key management personnel

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

	Group	
	2013	2012
	S$'000	S$'000
Short–term benefits	5,156	5,145

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

7 CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	14,676	10,220	–	–
Pledged fixed deposits	19,657	2,897	–	–
Cash and bank balances	13,435	17,448	185	315
Current	47,768	30,565	185	315
Pledged fixed deposits	7,947	18,766	–	–
Non–current	7,947	18,766	–	–
Total	55,715	49,331	185	315
Less:				
Fixed deposits with maturities exceeding three months	(479)	(351)	–	–
Fixed deposits that have been placed with banks against bills payables, trust receipts and overdrafts	(3,228)	(2,897)	–	–
Fixed deposits that have been pledged to banks as security for bank loans	(24,376)	(18,766)		
Bank overdrafts (Note 19)	(1,699)	(1,649)	–	–
Cash and cash equivalents	25,933	25,668	185	315

Fixed deposits bear interest at an average effective interest rate of 3.62% (2012 : 4.06%) per annum and for a weighted average tenure of approximately 671 days (2012 : 685 days).

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

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
United States dollars	4,843	4,438	9	11
Hong Kong dollars	24	17	11	11
Singapore dollars	23	139	–	–

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December 31, 2013

8 TRADE RECEIVABLES

	Group	
	2013	2012
	S$'000	S$'000
Trade receivables from external parties	30,536	33,389
Allowances for doubtful trade receivables	(4,545)	(2,985)
Total trade receivables, net of allowances	25,991	30,404
Trade receivables from related party (Note 6)	432	327
	26,423	30,731

Movements in allowances for doubtful trade receivables were as follows:

	Group	
	2013	2012
	S$'000	S$'000
Balance at beginning of year	2,985	3,703
Translation adjustment	190	(158)
Increase in allowance recognised in profit or loss	1,400	252
Amounts written–off	(30)	(812)
Balance at end of year	4,545	2,985

The average credit period on sale of goods is 25 days (2012 : 36 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$4,545,000 (2012 : S$2,985,000). This allowance has been determined by reference to past default experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of S$5,426,000 (2012 : S$7,669,000) 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. There has also not been a significant change in credit quality of the balances that are not past due. The Group does not hold any collateral over these balances except for security cheques and deposits from certain customers.

	Group	
	2013	2012
	S$'000	S$'000
Aging of receivables that are past due but not impaired		
< 3 months	4,637	6,742
3 months to 6 months	641	701
> 6 months	148	226
Total	5,426	7,669

NOTES TO FINANCIAL STATEMENTS

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8 TRADE RECEIVABLES (cont'd)

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

	Group	
	2013	2012
	S$'000	S$'000
United States dollars	9,137	6,471

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Advances to suppliers	24,320	927	–	–
Allowances for doubtful other receivables	(65)	(63)	–	–
Total advances to suppliers, net of allowances	24,255	864	–	–
Deposits	411	376	14	14
VAT/Tax recoverable	445	3,237	4	3
Prepayments	774	415	29	32
Interest receivable	31	24	–	–
Others	535	1,233	118	134
	26,451	6,149	165	183

There has not been a significant change in credit quality of the balances that are not past due.

Movements in allowances for doubtful other receivables were as follows:

	Group	
	2013	2012
	S$'000	S$'000
Balance at beginning of year	63	501
Translation adjustment	3	17
(Decrease) Increase in allowance recognised in profit or loss	(1)	6
Amounts written–off	–	(461)
Balance at end of year	65	63

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

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

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
United States dollars	680	709	–	–
Singapore dollars	17	254	–	–

10 INVENTORIES

	Group	
	2013	2012
	S$'000	S$'000
Properties held for sale	–	495
Finished goods and goods for resale	34,124	45,943
Work–in–progress	11	7
Raw materials	13	31
	34,148	46,476

The cost of inventories recognised as an expense includes a charge of S$956,000 (2012 : S$1,445,000) in respect of allowance for inventories to net realisable value.

Further information in relation to the properties held for sale in 2012 was as follows:

Description & Location	% Owned	Gross floor area (square metres)	Stage of completion as at December 31, 2012
Commercial units in 2–storey low–rise buildings along Jiao Tong Road South, Wujiang, Jiangsu Province, People's Republic of China	55	1,394	100%

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

11 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, 2012	6,123	2,912	1,113	893	11,041
Translation adjustments	(515)	(112)	(76)	(70)	(773)
Additions	–	184	37	399	620
Disposals	–	(317)	(53)	(172)	(542)
At December 31, 2012	5,608	2,667	1,021	1,050	10,346
Translation adjustments	(72)	145	(7)	4	70
Transfer to investment properties	(460)	–	–	–	(460)
Additions	–	59	17	–	76
Disposals	–	(158)	–	(41)	(199)
At December 31, 2013	5,076	2,713	1,031	1,013	9,833
Accumulated depreciation:					
At January 1, 2012	394	2,077	661	507	3,639
Translation adjustments	(36)	(87)	(55)	(56)	(234)
Depreciation	116	119	128	112	475
Disposals	–	(193)	(52)	(85)	(330)
At December 31, 2012	474	1,916	682	478	3,550
Translation adjustments	(2)	120	(17)	(22)	79
Transfer to investment properties	(138)	–	–	–	(138)
Depreciation	114	131	133	130	508
Disposals	–	(56)	–	(37)	(93)
At December 31, 2013	448	2,111	798	549	3,906
Impairment:					
At January 1, 2012	344	573	–	32	949
Translation adjustments	(19)	(16)	–	1	(34)
Disposals	–	(124)	–	(33)	(157)
At December 31, 2012	325	433	–	–	758
Translation adjustments	10	28	–	–	38
Reversal upon transfer to investment properties	(170)	–	–	–	(170)
Disposals	–	(102)	–	–	(102)
At December 31, 2013	165	359	–	–	524
Carrying amount:					
At December 31, 2013	4,463	243	233	464	5,403
At December 31, 2012	4,809	318	339	572	6,038

The Group has pledged leasehold land and buildings having a carrying amount of approximately S$3,213,000 (2012 : S$3,202,000) to secure banking facilities granted to the Group.

During the year, a subsidiary reclassified its leasehold land and building to investment property as it began renting out the property to external parties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and equipment	Leasehold improvements, furniture and fixtures	Total
	S$'000	S$'000	S$'000
Company			
Cost:			
At January 1, 2012	2	102	104
Additions	–	3	3
At December 31, 2012	2	105	107
Additions	–	18	18
Disposals	–	(4)	(4)
At December 31, 2013	2	119	121
Accumulated depreciation:			
At January 1, 2012	2	83	85
Depreciation	–	10	10
At December 31, 2012	2	93	95
Depreciation	–	9	9
Disposals	–	(4)	(4)
At December 31, 2013	2	98	100
Carrying amount:			
At December 31, 2013	–	21	21
At December 31, 2012	–	12	12

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

12 INVESTMENT PROPERTIES

	Group	
	2013	2012
	S$'000	S$'000
Freehold land and buildings:		
Australia	66,035	45,406
Leasehold land and buildings:		
People's Republic of China ("PRC")	20,577	17,718
Total	86,612	63,124

Movements in investment properties were as follows:

	2013	2012
Balance at beginning of year	63,124	12,930
Valuation gains for the year recognised in profit or loss	2,616	5,424
Transfer from investment properties under development (Note 13)	24,804	45,594
Transfer from property, plant and equipment	322	–
Revaluation of property, plant and equipment upon transfer to investment properties	307	–
Translation adjustment	(4,561)	(824)
Balance at end of year	86,612	63,124

During the year, the Group recognised valuation gains on investment properties amounting to S$2,616,000 (2012 : S$5,424,000) in profit or loss.

The property rental income from the Group's investment properties leased out under operating leases amounted to S$5,753,000 (2012 : S$2,249,000). Direct operating expenses (including repairs and maintenance) arising from the investment properties that generated rental income during the year amounted to S$119,000 (2012 : S$104,000).

The Group has pledged investment properties having a carrying amount of approximately S$18,381,000 (2012 : S$16,264,000) and the rental proceeds generated from the investment properties 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	32 years till January 23, 2045
Wah Tung Godown Building, Kowloon, Hong Kong, PRC	Warehouse	Leasehold	34 years till June 30, 2047
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	54 years till January 5, 2067
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A.

12 INVESTMENT PROPERTIES (cont'd)

Fair value measurement of the Group's investment properties in PRC

The fair values of the Group's investment properties in PRC (including Hong Kong) at December 31, 2013 and 2012 have been determined on the basis of valuations carried out at the respective year end dates by Colliers International (HK) Ltd., which is an independent firm of professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

The Group classified its investment properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at the end of the reporting period, the fair value measurements of the Group's properties are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2013 are as follows:

Description	Fair value as at December 31, 2013	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000			
Office properties	1,312	Direct comparison approach	Price per square meter (1)	S$3,652 – S$3,659
Warehouse properties	18,381	Direct comparison approach	Price per square meter (1)	S$2,663 – S$2,771
Residential properties	884	Direct comparison approach	Price per square meter (1)	S$1,001 – S$1,004

(1) Price per square meter is based on recent transactions adjusted for property type, age and location. Any significant isolated increases (decreases) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

Fair value measurement of the Group's investment properties in Australia

The fair values of the Group's investment properties at December 31, 2013 and 2012 have been determined by management based on discounted cash flows of the contracted cash flows, supplemented by valuation from Taylor Byrne (which is an independent firm of professional valuers) performed in November 2013 (2012 : during April to July 2012) on an open market basis. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

The Group classified its investment properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at the end of the reporting period, the fair value measurements of the Group's properties are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

12 INVESTMENT PROPERTIES (cont'd)

Description	Fair value as at December 31, 2013	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000			
Residential properties	66,035	Discounted cash flows	Selling prices (1)	S$605,977 – S$692,257
			Discount rates (2)	9.7%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated (decreases) increases in these inputs would result in a significantly higher (lower) fair value measurement.

13 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group	
	2013	2012
	S$'000	S$'000
Investment properties under development	–	18,680

Movements in investment properties under development were as follows:

Balance at beginning of year	18,680	13,367
Additions	8,223	51,489
Transfer to investment properties (Note 12)	(24,804)	(45,594)
Translation adjustment	(2,099)	(582)
Balance at end of year	–	18,680

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

	Group	
	2013	2012
	S$'000	S$'000
Interest expense	205	879

Investment properties under development were constructed by a third party.

The investment properties under development in Australia were valued on December 31, 2012 by management, supplemented by valuation by Taylor Byrne (which is an independent firm of professional valuers) during July 2012, on an open market basis. As at December 31, 2012, the fair value of the investment properties under development in Australia approximated the carrying value at cost. The properties were completed and reclassified to investment properties in 2013.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

13 INVESTMENT PROPERTIES UNDER DEVELOPMENT (cont'd)

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

Description and location	% Owned	Gross floor area (ha)	Stage of completion		Completion month
			2013	2012	
Residential units in the city of Gladstone, Queensland, Australia	100	3.17	100%	39%	June 2013

14 SUBSIDIARIES

	Company	
	2013	2012
	S$'000	S$'000
Unquoted equity shares, at cost	238,854	332,740
Amount owing by subsidiaries (non–trade)	574	542
Less: impairment loss	(117,820)	(210,171)
	121,608	123,111
Amount owing to a subsidiary (non–trade)	(24,216)	(22,995)

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

	Company	
	2013	2012
	S$'000	S$'000
Balance at beginning of year	210,171	218,215
Impairment loss for investment in subsidiaries	1,845	1,156
Impairment loss written off	(94,196)	(9,200)
Balance at end of year	117,820	210,171

Management has made an additional impairment loss of S$1,845,000 (2012 : S$1,156,000) for certain subsidiaries based on an assessment of their recoverable values.

Amounts owing to a subsidiary are interest–free and mainly denominated in Hong Kong dollars.

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December 31, 2013

14 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
		2013	2012	2013	2012	
		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
Digital Info Technology Pte Ltd	Singapore	1,660	1,350	100	100	Trading in consumer electronics products
Thakral Capital Holdings Pte Ltd (formerly known as Thakral Pan Asia 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
Wu Jiang Dafa Real Estate Development Co Ltd (5)	People's Republic of China	*	*	55	55	Property development and rental management
Thakral Capital Investments Ltd (formerly known as Hanbest Limited)(3)	Hong Kong	*	*	100	100	Investment holding
Thakral Capital Australia Pty Ltd (formerly known as TCAP Australia Pty Ltd) (1)	Australia	*	*	51	51	Origination, execution, and management of investment opportunities
LNG Trust (1)	Australia	*	*	100	100	Property development
LNG Trust No. 2 (1)	Australia	*	*	100	100	Property development

* Held by subsidiaries

\# 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

(5) Audited by Suzhou Mingcheng CPAs Co., Ltd

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

15 LOANS RECEIVABLE

	Group	
	2013	2012
	S$'000	S$'000
Loans receivable – non–current, at amortised cost	19,842	901
Loans receivable – current, at amortised cost	2,500	4,759
	22,342	5,660

The loans receivable, denominated in Australian dollars, are unsecured. The effective interest rate of the loans receivable is 19% (2012 : 42%) per annum.

The current loans receivable are extended to third parties for development projects to fund the construction of apartments in Australia. The effective interest rate comprises of internal rate of return of 19% (2012: 15%) per annum on the principal amount and variable interest determinable at completion of the project less relevant 10% withholding tax.

The non–current loans receivable are extended to other third parties for development projects to fund the construction of apartments in Australia. The effective interest rate comprises of internal rate of return of 17% (2012 : 25%) per annum on the principal amount and variable interest determinable at completion of the project less relevant 10% withholding tax.

There are no past due receivables as at the end of the current and prior year. There has not been a significant change in credit quality of the balances that are not past due.

16 AVAILABLE–FOR–SALE INVESTMENTS

	Group	
	2013	2012
	S$'000	S$'000
At fair value:		
Unquoted finance fund	–	3,428
Club debenture	25	325
Allowance for impairment in value	(18)	(317)
	7	8
Total	7	3,436

The fair value of the unquoted finance fund units in 2012 was based on the Group's share of the net assets of the fund.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

17 TRADE PAYABLES

	Group	
	2013	2012
	S$'000	S$'000
Outside parties	3,476	6,570
Due to related parties (Note 6)	16,885	1,550
	20,361	8,120

The average credit period on purchases of goods is 14 days (2012 : 17 days).

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

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

	Group	
	2013	2012
	S$'000	S$'000
United States dollars	2,276	3,625

18 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 significant trust receipts and bills payable that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2013	2012
	S$'000	S$'000
United States dollars	6,488	7,534
Singapore dollars	–	1,159

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.

The average effective interest rates paid are as follows:

	Group	
	2013	2012
	%	%
Trust receipts and bill payables	2.90	3.53

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19 BANK OVERDRAFTS AND LOANS

	Group	
	2013	2012
	S$'000	S$'000
Loans from financial institutions	3,773	27,860
Bank loans	89,603	51,071
Bank overdrafts (Note 7)	1,699	1,649
	95,075	80,580
Less: Amount due for settlement within 12 months (shown under current liabilities)	(47,591)	(35,895)
Amount due for settlement after 12 months	47,484	44,685

Loans from financial institutions

The loans from the financial institutions are denominated in Australian dollars and were re–financed during the year. All security provided to the previous lenders in respect of these loans was released in the current year. In 2012, these loans from financial institutions were secured by mortgages over land and buildings, fixed and floating charges over the land owning companies and charges over the shares in the land owning entities and units in the unit trusts of which the companies are trustee. In addition, for phase 1 of the residential units constructed in Australia, a Deed of Guarantee and Indemnity had been granted by the relevant entity that leased the houses to the lessee. The liability of the unit holder in the Group in respect of the securities granted over units in the trust which is the owner of the land and buildings was limited only to the units in the asset–holding trust and did not extend to any other assets of the Group, including the Group's portion of the mezzanine funding extended for the development. For phase 2 of the residential units constructed in Australia, the Group's project investment holding subsidiary had granted a Deed of Guarantee and Indemnity for up to S$3,555,000 to the lender.

Included in amount due for settlement after 12 months are loans from financial institutions of S$3,773,000 (2012 : S$4,260,000) which are arranged at fixed interest rate of 14.06% (2012 : 18.37%) per annum. These amounts are unsecured in the current year but were secured in the previous year by the assets as indicated in the paragraph above.

Bank loans

The Group's bank loans include a 10–year mortgage loan of S$5,630,000 (2012 : S$5,723,000), which is expected to be repaid by monthly instalments and a final 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.

Certain bank loans amounting to S$25,524,000 (2012: S$18,058,000) are secured by certain fixed deposits placed with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company.

Bank loans include a loan drawn from a bank in Australia amounting to S$43,711,000 (2012: S$Nil) which is secured by, inter alia, mortgages over the land owned by certain Australian subsidiaries, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees.

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19 BANK OVERDRAFTS AND LOANS (cont'd)

Bank overdrafts

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

The average effective interest rates paid on bank overdrafts and loans are as follows:

	Group	
	2013	2012
	%	%
Loans from financial institutions	14.06	8.69
Bank loans	4.47	5.51
Bank overdrafts	2.29	2.90

The estimated fair values of the non–current loans approximate their carrying values as the loans are expected to be repriced on a timely basis depending on movements in the market lending rates, except for the fixed interest rate loan instruments. Management is of the view that the fair value of the fixed interest loans approximates the carrying value of the loans as the interest rates commensurate with the internal rate of returns and risks associated with the property development projects, and these loans are solely obtained to fund these projects.

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

	Group	
	2013	2012
	S$'000	S$'000
United States dollars	764	749

20 OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Accruals	5,356	7,095	357	547
Advances from customers	4,026	4,242	–	–
VAT payable	1,795	1,122	–	–
Sundry creditors	921	33	–	–
Others	279	–	–	–
	12,377	12,492	357	547

21 PROVISIONS

	Employee benefits S$'000	Others S$'000	Total S$'000
Group			
As at January 1, 2012	2,075	1	2,076
Provisions for the year	2,295	–	2,295
Translation adjustment	(151)	–	(151)
Utilisation	(150)	(1)	(151)
As at December 31, 2012	4,069	–	4,069
Provisions for the year	315	–	315
Translation adjustment	15	–	15
Utilisation	(769)	–	(769)
As at December 31, 2013	3,630	–	3,630

	Employee benefits S$'000
Company	
As at January 1, 2012 and December 31, 2012	27
Provision for the year	12
As at December 31, 2013	39

The provisions are made in respect of the Group's and Company's potential liability for long–service payments to employees of certain subsidiaries upon their leaving the subsidiaries.

22 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 2013 S$'000	Group 2012 S$'000
Balance as at beginning of year	102	92
Translation adjustment	(11)	(6)
Transfer from asset revaluation reserve	25	–
Charge to profit or loss for the year (Note 29)	267	16
Balance as at end of year	383	102

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

23 ISSUED CAPITAL

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid				
At beginning of year	2,612,413,668	2,612,413,668	72,531	72,531
Issue of shares on exercise of employees' share options	4,800,000	–	48	–
At end of year	2,617,213,668	2,612,413,668	72,579	72,531

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.

24 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 is effectively realised and 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 investments to its fair value. Where a revalued investment is sold, the portion of the reserve that relates to that investment is effectively realised and recognised in profit or loss.

The options 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 25.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

25 SHARE–BASED PAYMENTS

Equity–settled share option scheme

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

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

	Group and Company			
	2013		2012	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of the year	19,392,500	0.06	21,745,000	0.06
Exercised during the year	(4,800,000)	0.01	–	–
Cancelled or lapsed during the year	(3,930,000)	0.08	(2,352,500)	0.07
Outstanding at end of the year	10,662,500	0.08	19,392,500	0.06
Exercisable at end of the year	10,662,500	0.08	19,392,500	0.06

Options are exercisable at prices specified at the time of the grant. The Committee had fixed the exercise price at a discount not exceeding 20% to the above weighted average exercise price. All options have vested by 2008. 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.

No options were granted in 2013. No options were granted or exercised in 2012.

The weighted average share price at the date of exercise for share options exercised during the year was S$0.03. The options outstanding at the end of the year have a weighted average remaining contractual life of 1 year (2012 : 1.5 years).

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

26 REVENUE

	Group	
	2013	2012
	S$'000	S$'000
Product sales	398,583	301,499
Sales of properties	1,413	305
Dividend / interest income from unquoted investments and loans receivable	3,799	2,384
Management fee and other service income	3,591	2,821
Rental income (Notes 12 and 36)	5,753	2,249
	413,139	309,258

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

27 OTHER OPERATING INCOME

	Group	
	2013	2012
	S$'000	S$'000
Gain on disposal of available–for–sale investments	–	14,978
Gain on disposal of property, plant and equipment	15	33
Foreign currency exchange adjustment gain	1,636	1,027
Others	539	1,245
	2,190	17,283

28 FINANCE COSTS

	Group	
	2013	2012
	S$'000	S$'000
Interest expense to non–related parties	7,323	3,743

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.5% (2012 : 9.3%) to expenditure on such assets.

29 INCOME TAX EXPENSE

	Group	
	2013	2012
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of current year	289	584
Under (Over) provision in prior years	9	(156)
Deferred tax:		
Amount provided for taxation in respect of deferred tax liabilities in current year (Note 22)	267	16
Income tax expense for the year	565	444

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

29 INCOME TAX EXPENSE (cont'd)

The income tax is calculated at 17% (2012 : 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2013	2012
	S$'000	S$'000
Profit before tax	575	17,206
Income tax charge at statutory rate of 17%	98	2,925
Tax effect of:		
Expenses that are not deductible in determining taxable profit	827	865
Income that is not taxable in determining taxable profit	(1,076)	(4,086)
Current year's tax losses not recognised	675	1,295
Different tax rates of the subsidiaries operating in other jurisdictions	203	179
Tax effect on utilisation of deferred tax benefits previously not recognised	(203)	(595)
Effect on deferred tax balance due to change in tax rate	32	17
Under (Over) provision of tax in respect of prior years	9	(156)
Total income tax expense for the year	565	444

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

Amount at beginning of year	203,161	202,950
Tax losses expired during the year	(63)	(16)
Amount in current year	3,970	7,607
Translation adjustment	(397)	(663)
Adjustment for prior years after finalisation	(125)	(3,204)
Amount utilised in current year	(1,191)	(3,513)
	205,355	203,161
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	35,938	35,796

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

Amount at beginning of year	1,633	1,787
Amount in current year	2	–
Amount utilised in current year	(147)	(154)
	1,488	1,633
Deferred tax benefit on above not recorded	253	278

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

29 INCOME TAX EXPENSE (cont'd)

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 and capital allowances have not been recognised in the financial statements as there is no reasonable certainty of their realisation in the foreseeable future.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is S$0.69 million (2012 : S$0.74 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the timing differences and it is probable that such differences will not reverse in the foreseeable future.

30 PROFIT FOR THE YEAR

	Group	
	2013	2012
	S$'000	S$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	2,664	2,674
of subsidiaries	1,626	1,987
Total directors' remuneration	4,290	4,661
Costs of inventories recognised as expense	385,317	285,761
Audit fees:		
Paid to auditors of the Company		
Current year	196	264
Paid to other auditors		
Current year	277	316
Underprovision in prior year	4	7
Non–audit fees paid to auditors:		
Auditors of the Company	54	80
Other auditors	12	39
Gain on disposal of property, plant and equipment	(15)	(33)
Allowance for inventories recognised in cost of sales	956	1,445
Foreign currency exchange adjustment gain	(1,636)	(1,027)

30 PROFIT FOR THE YEAR (cont'd)

	Group 2013 S$'000	Group 2012 S$'000
Impairment loss on financial assets:		
Allowance for doubtful trade receivables	1,400	252
(Reversal) Allowance for doubtful other receivables	(1)	6
Impairment loss on available–for–sale investments	–	24
Total impairment loss on financial assets recognised in administrative expenses	1,399	282
Depreciation of property, plant and equipment	508	475
Reversal of impairment loss on property, plant and equipment	(170)	–
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	1,065	965
Other	12,968	15,308
Total employee benefits expense	14,033	16,273

31 DIVIDENDS

On March 30, 2012, a second interim dividend of 0.1 cent per share (total dividend of S$2,612,000) was paid to shareholders in respect of the financial year ended December 31, 2011. On November 30, 2012, a tax–exempt (one–tier) dividend of 0.1 cent per share (total dividend of S$2,612,000) was paid to shareholders in respect of the financial year ended December 31, 2012.

On April 15, 2013, a tax–exempt (one–tier) dividend of 0.1 cent per share (total dividend of S$2,615,000) was paid to shareholders in respect of the financial year ended December 31, 2012.

In respect of the current year, a tax–exempt (one–tier) dividend of 0.1 cent per share will be paid to shareholders on April 15, 2014 from retained earnings. 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 April 1, 2014. The total estimated dividend to be paid is S$2.6 million.

32 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

The earnings per share is calculated by dividing the Group's net profit (loss) attributable to equity holders of the Company by the existing weighted average number of shares in issue during the year as follows:

	2013 Cent	2012 Cent
Basic (loss) earnings per share	(0.00)	0.62
Diluted (loss) earnings per share	(0.00)	0.62

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

	2013 S$'000	2012 S$'000
(Loss) Profit for the year attributable to equity holders of the Company	(101)	16,184

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

33 DISPOSAL OF SUBSIDIARIES

In 2012, the Group disposed and/or cancelled the business licenses of three subsidiaries incorporated in the People's Republic of China.

Details of the disposal are as follows:

Book values of net assets over which control was lost

	2012
	S$'000
Current assets	
Other receivables	9
Bank balances and cash	5
Total current assets	14
Current liabilities	
Other payables	113
Total current liabilities	113
Net liabilities derecognised	(99)
Gain on disposal of subsidiaries:	
Consideration received	–
Net liabilities derecognised	99
Gain on disposal	99

The gain on disposal of subsidiaries is recorded as part of profit for the year 2012 in the income statement.

	2012
	S$'000
Net cash inflow arising on disposal:	
Cash consideration received	*
Cash and cash equivalents disposed of	(5)
	(5)

* less than $1,000

34 SEGMENT INFORMATION

The Group, which operates in two geographical segments being the People's Republic of China (including Hong Kong) and others (Australia, India, Japan and Singapore), 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 India, Japan, People's Republic of China (including Hong Kong), Singapore and in various export markets.

(b) Investments ("INV")

This includes property investments in People's Republic of China (including Hong Kong) and real estate investments in Australia.

(c) Others ("OTH")

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

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's statement of profit or loss 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

34 SEGMENT INFORMATION (cont'd)

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

Group's reportable segments

Year ended December 31, 2013

	DIST S$'000	INV S$'000	OTH S$'000	TOTAL S$'000
Revenue				
External sales	398,579	14,560	–	413,139
Result				
Segment result	(4,080)	9,621	(1,655)	3,886
Unallocated corporate expenses				(1,581)
Valuation gains on investment properties				2,616
Finance income				1,341
Finance costs				(7,323)
Foreign exchange gain				1,636
Profit before income tax				575
Income tax expense				(565)
Profit for the year				10
Other information				
Capital expenditure:				
Property, plant and equipment	54	4	18	76
Depreciation expense	382	117	9	508
Assets				
Segment assets	125,126	131,748	372	257,246
Total assets				257,246
Liabilities				
Segment liabilities	86,550	62,932	388	149,870
Income tax payable				165
Deferred tax liability				383
Total liabilities				150,418

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

34 SEGMENT INFORMATION (cont'd)

Year ended December 31, 2012

	DIST	INV	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External sales	301,499	7,759	–	309,258
Result				
Segment result	(842)	3,890	(2,559)	489
Unallocated corporate expenses				(2,298)
Gain on disposal of available–for–sale investments				14,978
Gain on disposal of subsidiaries				99
Valuation gains on investment properties				5,424
Finance income				1,230
Finance costs				(3,743)
Foreign exchange gain				1,027
Profit before income tax				17,206
Income tax expense				(444)
Profit for the year				16,762
Other information				
Capital expenditure:				
Property, plant and equipment	579	39	2	620
Depreciation expense	353	112	10	475
Assets				
Segment assets	109,055	120,058	512	229,625
Total assets				229,625
Liabilities				
Segment liabilities	57,666	57,558	570	115,794
Income tax payable				676
Deferred tax liability				102
Total liabilities				116,572

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

34 SEGMENT INFORMATION (cont'd)

Geographical information

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

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*	
	2013	2012	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
People's Republic of China (including Hong Kong)	385,818	297,457	34	401	24,687	22,221
Others	27,321	11,801	42	219	67,328	65,621
	413,139	309,258	76	620	92,015	87,842

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

* Non–current assets other than financial instruments

<u>Information about major customers</u>

Included in revenues of S$398,579,000 (2012 : S$301,499,000) arising from the Distribution segment are revenues of approximately S$55,260,000 (2012 : S$35,502,000) which arose from sales to the Group's largest customer.

35 CONTINGENT LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiaries in the Group	–	–	24,058	16,256

At the end of the reporting period, the Company has granted financial support to a subsidiary that has a net current liability position of S$18 million. The Company did not provide any undertaking for financial support in the prior year.

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

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	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Within 1 year	891	1,466	35	84
In the second to fifth years inclusive	597	1,596	–	35
	1,488	3,062	35	119

Operating lease expense during the year amounted to S$2,237,000 (2012 : S$1,984,000).

Certain leases are negotiated for an average term of 2.5 years and rentals are fixed for an average of 2.5 years.

The Group as lessor

The Group rents out certain investment properties in the PRC and Australia under operating leases. At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2013	2012
	S$'000	S$'000
Within 1 year	6,541	4,113
In the second to fifth years inclusive	16,957	12,639
	23,498	16,752

Certain leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

Property rental income earned during the year was S$5,753,000 (2012 : S$2,249,000) (Note 26).

SHAREHOLDERS' INFORMATION

As at March 20, 2014

Issued and fully paid-up capital	:	S$72,498,724.21
Number of issued shares	:	2,617,213,668
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	6.76	108,628	0.00
1,000 - 10,000	4,149	51.96	16,133,486	0.62
10,001 - 1,000,000	3,173	39.74	427,380,590	16.33
1,000,001 and above	123	1.54	2,173,590,964	83.05
Total	**7,985**	**100.00**	**2,617,213,668**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Kartar Singh Thakral	–	–	781,473,230 (1)	29.86
Inderbethal Singh Thakral	–	–	781,473,230 (1)	29.86
Manbeen Kaur Thakral	–	–	781,463,368 (2)	29.86
Thakral Investments Limited	194,412,792	7.43	587,050,576 (3)	22.43
Preview Investments Limited	137,525,000	5.25	449,525,576 (4)	17.18
Bikramjit Singh Thakral	178,000	0.01	384,525,576 (5)	14.69
Prime Trade Enterprises Limited	384,525,576	14.69	–	–
Venture Delta Limited	202,453,352	7.74	–	–
Constellation Star Holdings Limited	–	–	202,453,352 (6)	7.74
China Yuchai International Limited	–	–	202,453,352 (6)	7.74
HL Technology Systems Pte Ltd	–	–	202,453,352 (6)	7.74
Hong Leong (China) Limited	–	–	202,453,352 (6)	7.74
Hong Leong Asia Ltd.	–	–	202,453,352 (6)	7.74
Hong Leong Corporation Holdings Pte Ltd	–	–	202,453,352 (6)	7.74
Hong Leong Enterprises Pte. Ltd.	–	–	202,453,352 (6)	7.74
Hong Leong Investment Holdings Pte. Ltd.	–	–	202,453,352 (6)	7.74
Davos Investment Holdings Private Limited	–	–	202,453,352 (6)	7.74
Kwek Holdings Pte Ltd	–	–	202,453,352 (6)	7.74

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.

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

(5) Held through Prime Trade Enterprisese Limited.

(6) Held through Venture Delta Limited.

(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 2.48% in the Company.

SHAREHOLDERS' INFORMATION

As at March 20, 2014

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	428,159,731	16.36
2.	Prime Trade Enterprises Limited	384,525,576	14.69
3.	Venture Delta Limited	202,453,352	7.74
4.	United Overseas Bank Nominees (Private) Limited	202,419,898	7.73
5.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	88,535,645	3.38
6.	HSBC (Singapore) Nominees Pte Ltd	85,615,950	3.27
7.	Kanwaljeet Singh Dhillon	80,660,000	3.08
8.	OCBC Securities Private Limited	76,689,298	2.93
9.	Market Watch Ltd	65,000,000	2.48
10.	Thakral Investments Limited	62,805,656	2.40
11.	Raffles Nominees (Pte) Limited	56,315,532	2.15
12.	Asia Richer Investment Services Limited	41,895,000	1.60
13.	DBS Nominees (Private) Limited	35,640,397	1.36
14.	Phillip Securities Pte Ltd	23,028,133	0.88
15.	CIMB Securities (Singapore) Pte. Ltd.	21,833,000	0.83
16.	OCBC Nominees Singapore Private Limited	15,379,914	0.59
17.	Amarjit Kaur	13,244,000	0.51
18.	Atma Singh s/o Lal Singh	13,235,000	0.51
19.	Maybank Kim Eng Securities Pte. Ltd.	11,506,000	0.44
20.	UOB Kay Hian Private Limited	10,795,416	0.41
Total		**1,919,737,498**	**73.34**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 20, 2014, approximately 56.06% 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 20, 2014.

APPENDIX TO ANNUAL REPORT 2013

8 APRIL 2014

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 2013 ("**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 24 April 2014 at 3:00 pm at Cinnamon Room, Level 5, 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 2013

in relation to

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

APPENDIX TO ANNUAL REPORT 2013

DEFINITIONS

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

"AGM"	:	The Annual General Meeting of the Company to be held on 24 April 2014.
"Appendix"	:	This appendix to the Company's Annual Report 2013 dated 8 April 2014.
"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.
"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.

APPENDIX TO ANNUAL REPORT 2013

"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.
"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.

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"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 a Thakral Family Director or an associate of a Thakral Family Director.
"Thakral Family Directors"	:	Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral and/or Mr. Bikramjit 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 2013

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 2013, the NTA of the Group was S$102,744,000. 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$5,137,200.

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;

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(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 was last renewed at the Company's annual general meeting held on 25 April 2013 and 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 24 April 2014 and the Directors are proposing to renew the IPT Mandate at the AGM.

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2.2.3 Subsequent to the last renewal of the IPT Mandate, Mr. Bikramjit Singh Thakral was appointed on 5 July 2013 as Alternate Director to the Company's Executive Director, Mr. Kartar Singh Thakral. He is the grandson of Mr. Kartar Singh Thakral. Mr. Bikramjit Singh Thakral has been included under the definition of Thakral Family Directors in this renewal and under Section 3.2.2 of the Appendix in relation to the shareholding threshold requirement for determining the reinstatement of the Lock Out Agreement. Further, the words "a Thakral Family Director or" has been included between "is" and "an" under part (ii) of the definition of Thakral Controlling Shareholder to capture any Thakral Family Director who becomes a controlling shareholder of the Company from time to time under this definition. Lastly, Executive Director, Mr. Jasvinder Singh Thakral passed away on 8 December 2013 and has therefore been removed from the definition of the Thakral Family Directors and Section 3.2.2.

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 to 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.

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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. Inderbethal Singh Thakral and Mr. Bikramjit 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**").

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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 FY2013 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

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(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 to 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.

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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 FY2013 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**").

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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 FY2013.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty–First Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Thursday, 24 April 2014 at 3.00 p.m. at Cinnamon Room, Level 5, 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 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re–elect Mr. Ting Sii Tien @ Yao Sik Tien, a Director who is retiring pursuant to Article 94(4) of the Company's Articles of Association. **(Resolution 2)**

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 3)**

   "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 4)**

   "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 5)**

   Mr. Natarajan 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 Ying Cheun 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 2014, to be paid quarterly in arrears. (31 December 2013: S$485,500) **(Resolution 6)**

5. To re–appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

NOTICE OF 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 8)**

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 2013 dated 8 April 2014 (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 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 9)**

By Order of the Board

Chan Wan Mei
Company Secretary
Singapore
Date: 8 April 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(i) The effect of the Ordinary Resolutions 3 to 5 proposed in item 3 above, is to re–appoint Directors who are over 70 years of age.

(ii) The Ordinary Resolution 8 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 9 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.

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 24 April 2014 at 3.00 p.m. at Cinnamon Room, Level 5, 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 2013		
2	Re–election of Mr. Ting Sii Tien @ Yao Sik Tien as a Director		
3	Re–appointment of Mr. Natarajan Subramaniam as a Director		
4	Re–appointment of Mr. Kartar Singh Thakral as a Director		
5	Re–appointment of Mr. Lee Ying Cheun as a Director		
6	Approval of Directors' fees amounting to S$485,500 for the year ending 31 December 2014, to be paid quarterly in arrears		
7	Re–appointment of Deloitte & Touche LLP as Auditors		
8	Authority to allot and issue shares		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this ________ day of ______________ 2014

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.

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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

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www.tcap.com.sg

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