THAKRAL
CORPORATION LTD

New Horizons
New Growth

ANNUAL REPORT 2010

Distribution

- Thakral China Ltd
  Shanghai, PRC
- Thakral Corporation (HK)
  Limited, Hong Kong
- Thakral Brothers Limited
  Osaka, Japan

Property

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

Principal Businesses

Investment

- Thakral Holdings
  Group, Australia

Contents

Corporate Profile

Listed on the SGX Mainboard since December 1995 with its Distribution business headquartered in Shanghai, China, Thakral Corporation Ltd is in the consumer electronics distribution business as well as strategic property and equity investments.

Presently, China (including Hong Kong) and India are the Group's key markets for its products. Under its extensive consumer brand portfolio are global names such as Apple, Canon, Casio, Fuji, Hewlett-Packard, Kodak, Lenovo, Nikon, Nokia, Orion, Panasonic, Samsung and Sony. The Group has also taken up new brands such as Altec Lansing, Case-Mate, Parrot, Scott and SwitchEasy.

Major products distributed under these key brands include digital cameras, data projectors, iPhones, iPads, mobile phones, plasma and LED TVs, digital photo frames, portable DVD players, iPod accessories, MP3/MP4/MP5 players, desktop and notebook computers, memory cards, personal digital assistants (PDAs), games/ media players, printers, electronic accessories and consumables.

The Group also markets and distributes trendy consumer electronics products under its own proprietary brand "YES". These products include audio players and accessories, portable media players, portable DVD players, LCD/Plasma/LED-backlit LCD TVs, digital photo frames, LED flashlights, battery chargers and memory cards.

The Group has made its first real estate financial investment in Australia and is also working on a pipeline of projects in the country.

The real estate division aims to create a sustainable second revenue stream and contribute to positive shareholder value.

The Group is committed to growing its future in both its core businesses and creating value for customers, employees and shareholders.


Japan
China
India
Hong Kong
Singapore
Australia

Benefiting from the Asian Growth Story

With our extensive portfolio of global consumer brands and the vast distribution network in Asia Pacific, we are well positioned to continue tapping the regional growth story for sustainable development in our core businesses of consumer electronics distribution and real estate investment.

Wherever there is opportunity, we will be there.

Chairman's Statement

Charting New Horizons

The year 2010 has been a fruitful year for the Group, positioning it for sustained growth consistent with the goals set by the Board.

We have made good progress in our core businesses and expanded into new markets and new areas of opportunity to position ourselves for our next phase of growth. We have achieved four consecutive quarters of profitable results which culminated in a record performance for the whole of FY2010.

The successful completion of our capital reduction and cash distribution exercise enabled the Company to achieve a more efficient capital structure as well as to reward our shareholders for their continued support and patience.

We have also made affirmative progress in our real estate business. We have adopted a new vision and strategic direction for our real estate business that will enable us to become a leading capital partner to property developers and investors in the region.

Our net profit at S$37.8 million was up 222% from S$11.8 million in FY2009 (this profit included a one-off exceptional gain of S$28.7 million from the sale of our investment in Gateway Distriparks Limited). In terms of core operations, we have also scored a 50% jump in operational profit to S$5.8 million from S$3.8 million and a 19% increase in gross profit to S$24.1 million in FY2010. This enhancement was despite a 7% decline in our revenue for the year under review to S$409.3 million from S$438.8 million in FY2009.

We have made good progress in our core businesses and expanded into new areas of opportunity to position ourselves for our next phase of growth ahead.

Gross profit margin for the year under review has improved to 5.9% from 4.6% in FY2009. This strong increase in our operating and gross profit was the result of our success in rebalancing our portfolio of products and to focus on expanding our dealer network for our consumer electronics distribution business.

Group Earnings Per Share rose from 0.44 cent in FY2009 to 1.44 cents in FY2010, mainly as a result of the profit on the sale of our investment in Gateway Distriparks Limited. However, the Group Net Asset Value Per Share decreased from 8.72 cents in FY2009 to 3.83 cents in FY2010 owing to a cash distribution of S$130.6 million (5 cents per share) in July 2010 pursuant to our capital reduction exercise. If the cash payout had been made at the end of FY2009, Group Net Asset Value would have risen by around 3% during the year.

The Consumer Electronics Distribution Division has contributed to the bulk of our revenue and earnings in FY2010. This division has been strengthened by several new product lines and more effective marketing programs, which have bolstered our growth and expanded our market share.

The Real Estate Division has identified strategic development and investment opportunities with a well-defined growth strategy. This is intended to create a sustainable second revenue stream and contribute to positive shareholder value. During the year, a first investment of S$3.6 million was made in the Harbour One project in Docklands, Melbourne, a substantially de-risked project, which is expected to produce a high return on the capital invested.

Chairman's Statement

This division will identify niche opportunities for investment that will enable us to leverage on our capital resources as well as the store of knowledge and expertise that this team possesses in the property space.

The Real Estate Division will focus on real estate investment projects, initially in Australia and at a later stage - China, Singapore and the rest of Asia. We intend to capitalize on our strong relationships with key investors, developers and financiers to cement our position as a preferred capital partner in future deal flows.

BOARD AND MANAGEMENT

The Company would like to record its appreciation to Mr Teo Tong Kooi (Non-Executive Director) and Mr Hoh Weng Ming (Alternate Director to Mr Teo) who had stepped down from our Board during the course of the year and wish them all the best in their future endeavours.

FUTURE GROWTH PROSPECTS

The Chinese economy is expected to grow at a slower but respectable rate in 2011. The economic activity is expected to boost domestic consumption that will assist the Group's operational platform.

Real estate investment projects in Australia are in the pipeline and some of these investments are close to finalization. We hope to provide our shareholders with more updates in the coming months.

ACKNOWLEDGEMENTS

We would like to thank all our customers, business partners, employees, bankers and other stakeholders for their support and hard work in enabling us to conclude another successful year for the Group.

My sincere appreciation and thanks also go out to the shareholders for their unwavering support and confidence in us.

Kartar Singh Thakral
Chairman

Corporate Information

BOARD OF DIRECTORS

Executive:

Kartar Singh Thakral (Chairman)

Inderbethal Singh Thakral

Jasvinder Singh Thakral

Jaginder Singh Pasricha

Non-Executive:

Natarajan Subramaniam (Deputy Chairman) *Independent*

Lee Ying Cheun *Independent*

Pratap Chinnan Nambiar *Independent*

Ting Sii Tien @ Yao Sik Tien

AUDIT COMMITTEE

Natarajan Subramaniam (Chairman)

Lee Ying Cheun

Pratap Chinnan Nambiar

NOMINATION COMMITTEE

Natarajan Subramaniam (Chairman)

Kartar Singh Thakral

Pratap Chinnan Nambiar

COMPENSATION COMMITTEE

Lee Ying Cheun (Chairman)

Natarajan Subramaniam

Ting Sii Tien @ Yao Sik Tien

COMPANY SECRETARIES

Tan Ping Ping

Chan Lai Yin

REGISTERED OFFICE

20 Upper Circular Road

#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 DBS Building Tower Two

Singapore 068809

AUDIT PARTNER-IN-CHARGE

Rankin Brandt Yeo

Date of Appointment: 26 April 2007

Review of Operations

OVERALL GROUP FINANCIAL PERFORMANCE

The Group has benefited from its continued focus on consumer electronics products distribution. Despite lower revenues and a reduced capital base, the Group achieved four straight quarters of profit growth in FY2010.

This achievement was strengthened by a more efficient management of our working capital, more judicious use of resources and an enhanced portfolio of products which resulted in improved margins.

The Group's operational profit jumped 50% from S$3.8 million in FY2009 to S$5.8 million in FY2010. Our gross profit margins have improved to 5.9% from 4.6% in FY2009. Our gross profit also rose 19% to S$24.1 million in FY2010 despite a 7% decline in our revenue for FY2010 to S$409.3 million from S$438.8 million in FY2009. The Group's net profit leapt to a record S$37.8 million, up 222% from S$11.8 million in FY2009 due to a one-off exceptional gain of S$28.7 million from the sale of our investment in Gateway Distriparks Limited.

While our cash in hand had reduced due to the capital reduction and cash distribution exercise in the year under review, we have maintained a healthy balance sheet.

The Group's cash balance as at December 31, 2010 was S$33.2 million as compared with S$122.9 million as at December 31, 2009.

Overall operational cash outflow for the financial year under review was S$3.3 million, lower than the S$5.6 million in the previous financial year. The improved operational profits and reductions in outstanding trade receivables plus banking facilities adequately covered the cash requirements for the build-up of inventories as at the year-end.

SEGMENTAL PERFORMANCE

DISTRIBUTION

The distribution segment is the main growth driver for the Group accounting for more than 99% of the Group's revenue in FY2010. Turnover for this segment was down 6.5% to S$406.9 million for FY2010 against S$435.3 million in FY2009.

However, the Group's focus on higher margin products has resulted in an increase of 23% in the distribution segment's results of S$8.5 million for FY2010, from S$6.9 million in FY2009. Excluding the one-off legal damages, interest and cost recoveries of S$1.7 million in FY2009, the distribution segment would have enjoyed a 64% profit growth compared to that of FY2009.

The Group's new Panasonic Image Store officially opened in Shanghai on January 28, 2011. The Group will continue to work with its suppliers and dealers to upgrade their existing stores as well as to open new stores in the year ahead with a target of 500 additional stores for 2011.

The Group has also taken up new brands such as Altec Lansing, Case-Mate, Parrot, Scott and SwitchEasy in addition to the global brands that it distributes.

PROPERTY AND REAL ESTATE INVESTMENTS

During the year under review, the Group has made steady and promising progress in its Property Division including real estate investments.

Revenue from this segment stood at S$2.4 million. This segment notched up a gain of S$1.5 million from the disposal of a property in China.

The Group made its first investment of S$3.6 million in Harbour One – Docklands, Melbourne, Australia during the year under review. Two more real estate investment projects in Sydney, Australia are under legal process as at the date hereof.

More projects are in the pipeline which are expected to be consummated in the coming months as this division establishes a solid second revenue stream for the Group to enhance returns to shareholders.

Board of Directors

Top to Bottom (L-R)

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

Kartar Singh Thakral Age 77 | **Chairman and Executive Director**

Mr Kartar Singh Thakral is an executive director and the Chairman of the Company. He was first appointed a Director since the incorporation of the Company on 7 October 1993 and was last re-appointed on 22 April 2010. He is a member of the Nomination Committee of the Company.

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

Natarajan Subramaniam Age 72 | **Deputy Chairman and Independent Non-Executive Director**

Mr Natarajan Subramaniam is a non-executive director of the Company. He was first appointed a Director on 15 November 1995 and was last re-appointed on 22 April 2010. He is also the Deputy Chairman of the Board of Directors, Chairman of the Nomination Committee and Audit Committee and member of the Compensation Committee of the Company. The Company's Nomination Committee considers Mr Subramaniam to be an independent director.

Mr Subramaniam began his accounting career in 1965 as a trainee with Blackborn Mellstrom & Co, London and subsequently with Ernst & Young, London. He had been a partner of Ernst & Young, Singapore from July 1976 to December 1993 and was an associate of the firm from January 1994 until December 2003. His major areas of experience include audit, investigations, IPOs, mergers and acquisitions. He was for a number of years a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore and a member of the Accounting and Auditing Standards, Quality Control and Professional Development Committees of Ernst & Young International. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants, Singapore and the Singapore Institute of Directors. He holds a Bachelor of Arts Degree from the University of Malaya in Singapore. He is currently a non-executive director of India listed Karthikeya Paper & Boards Ltd.

Inderbethal Singh Thakral Age 51 | **Executive Director**

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

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

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

Board of Directors

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

Mr Ting Sii Tien @ Yao Sik Tien is a non-executive director and a member of the Compensation Committee of the Company. He was first appointed a Director on 5 May 2008 and was last re-elected on 30 April 2009. Prior to his appointment as non-executive director, he was an Alternate Director to Mr Teo Tong Kooi on the Board of the Company who had resigned on 18 November 2010.

Mr Ting is the Group General Manager of Hong Leong Corporation Holdings Pte Ltd, and an Executive Director and Acting Group Chief Executive Officer of Malaysia listed Tasek Corporation Berhad. He is also a Director of Singapore listed HL Global Enterprises Limited ("HLGE"). He was previously the Group Chief Financial Officer of Hong Leong Asia Ltd. and the Chief Financial Officer of New York listed China Yuchai International Limited. He ceased to be an Alternate Director to Mr Teo Tong Kooi on the board of HLGE (resigned on 18 November 2010), in 2009. He has over 25 years of experience as a financial controller in various companies including Deutsche Bank Aktiengesellschaft (Singapore), Bank of Montreal, Singapore and is an associate member of the Institute of Chartered Accountants in England and Wales.

Jasvinder Singh Thakral Age 58 I Executive Director

Mr Jasvinder Singh Thakral ("Mr Jasvinder") is an executive director of the Company. He was first appointed a Director on 15 November 1995 and was last re-elected on 30 April 2009.

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

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

Lee Ying Cheun Age 69 I Independent Non-Executive Director

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

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

Mr Lee is currently the Corporate Investment Adviser to Bu Chang Pharmaceuticals Group, China and a Director of Global EMS Management Pte. Ltd. In public service, he was the Consul General to Osaka, Singapore Trade Representative to China, Singapore Ambassador to Mexico, Brazil and Panama. He is a Patron of Toa Payoh East Citizen Consultative Committee and Toa Payoh South Novo Winds Symphony.

Mr Lee holds degrees in Bachelor of Science and Bachelor of Science with Honours (Applied Chemistry) from the University of Singapore and had completed programs in Operations Research (University of Birmingham), Training Methodologies (Turin), Management of Small/Medium Size Enterprises (Osaka) and Advanced Management Programs at INSEAD and Harvard. He is an Honorary Fellow of the All India Management Association and a member of the Singapore Institute of Directors and was a Chartered Chemist of the Royal Institute of Chemistry, UK.

Jaginder Singh Pasricha Age 63 | Executive Director

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

Mr Pasricha, a barrister and solicitor of the Supreme Court of Victoria since 1979, had conducted a boutique law firm specialising in commercial and corporate matters prior to joining Babcock & Brown to lead the investment bank's real estate operations in India. Mr Pasricha has extensive experience in property transactions, corporate structuring, tax planning, mergers and acquisitions, company listing, international cross border transactions, debt restructuring, joint ventures and negotiating complex transactions, acting for a select corporate clientele in Australia and Asia.

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

Pratap Chinnan Nambiar Age 56 | Independent Non-Executive Director

Mr Pratap Chinnan Nambiar was appointed as an Independent Director of the Company on 28 July 2009 and was last re-elected on 22 April 2010. He is a member of the Audit Committee and Nomination Committee of the Company.

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

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

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

Key Executives

Sanjib Sengupta | Chief Financial Officer

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

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

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

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

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

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

Anil Moolchand Daryanani | Group Financial Controller

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

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

Principal Officers

THAKRAL CORPORATION LTD
Singapore

Kartar Singh Thakral
Chairman

Inderbethal Singh Thakral
Managing Director, Distribution Business

Jaginder Singh Pasricha
Managing Director, Real Estate & Corporate

Sanjib Sengupta
Chief Financial Officer

K F Patrick Lau
Group Internal Auditor

Anil Moolchand Daryanani
Group Financial Controller

Vivian But (Ms)
Deputy Financial Controller (Corporate)

Patrick Lau
Asst Financial Controller (Corporate)

THAKRAL CORPORATION (HK) LIMITED
Hong Kong

Inderbethal Singh Thakral
Managing Director, Distribution Business

Kanwaljeet Singh Dhillon
Executive Director

Pessumal Motwani
Senior Vice President - Sales & Marketing

Sophie Doo (Ms)
Financial Controller

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

Steven Yu
Vice President - Business Development

THAKRAL BROTHERS LIMITED
Osaka, Japan

Kuldip Singh Thakral
Chairman

Jasvinder Singh Thakral
Managing Director

Sueko Takahashi (Ms)
General Manager & Chief Financial Officer

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

Inderbethal Singh Thakral
Managing Director, Distribution Business

Jasvinder Singh Thakral
Executive Director

Gan Liang
Senior Vice President

Sam Zhang
General Manager - Sales & Marketing

Sean Qiu
Financial Controller

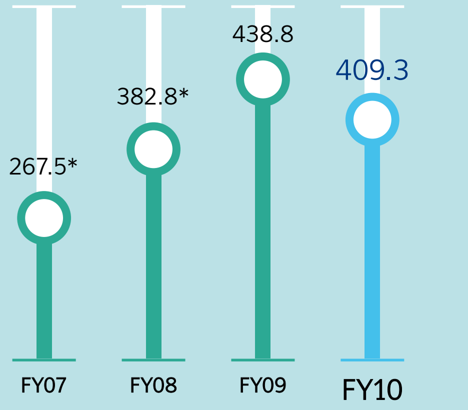
Jeff Ji
HR Manager

WUJIANG DAFA REAL ESTATE DEVELOPMENT CO LTD
Wujiang, PRC

Gan Liang
Chairman

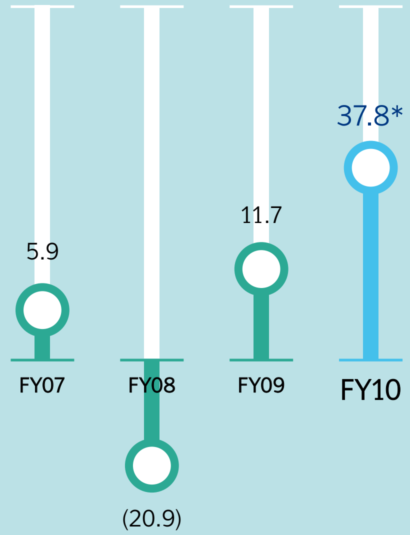
Financial Highlights

Revenue (S$ million)



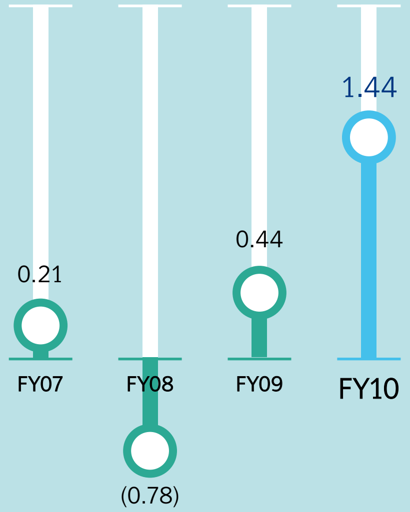
*Revenue figures for FY07 and FY08 are adjusted to exclude discontinued EMS operations to enable a like-for-like comparison.

Net Profit (S$ million)

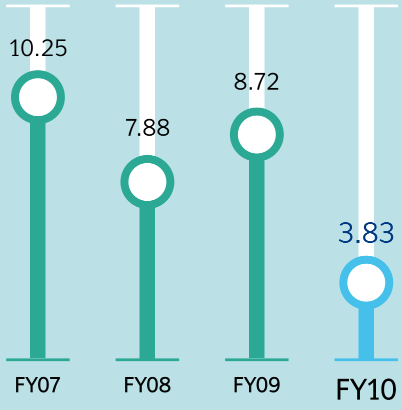


*Includes gain from sale of investment in Gateway Distriparks Limited.

Earnings Per Share (cent)



Net Asset Value (cents)



The decline in net asset value per share was primarily due to the cash distribution of S$130.6 million (S$0.05 per share) pursuant to the Company's capital reduction exercise in FY2010.

Corporate Governance Report

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

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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

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

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

Director	Board		Audit Committee		Compensation Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Kartar Singh Thakral	7	7	NA	NA	NA	NA	1	1
Natarajan Subramaniam	7	7	4	4	1	1	1	1
Lee Ying Cheun	7	7	4	4	1	1	NA	NA
Pratap Chinnan Nambiar	7	7	4	4	NA	NA	1	1
Inderbethal Singh Thakral	7	7	NA	NA	NA	NA	NA	NA
Jasvinder Singh Thakral	7	7	NA	NA	NA	NA	NA	NA
Jaginder Singh Pasricha	7	7	NA	NA	NA	NA	NA	NA
Teo Tong Kooi [1] (Alternate: Hoh Weng Ming)	7	7	NA	NA	NA	NA	NA	NA
Ting Sii Tien @ Yao Sik Tien	7	7	NA	NA	1	1	NA	NA

Note:
[1] Resigned with effect from 18 November 2010.

The Company has established an extensive list of matters that requires Board approval. The list has been reviewed and updated by the Board during its November 2010 meeting. The latest list covers matters relating to:

a) Appointment of Group/Divisional Managing Directors;

b) Announcements to the SGX-ST including approval and release of quarterly and annual reports;

c) Business strategy including significant setting up, acquisition and disposal of subsidiaries or assets and liabilities;

d) Operating budgets and significant investments and capital expenditure;

e) New related party transaction matters;

f) Substantial commitments exceeding S$300,000 including contracts in excess of one year's duration and providing security over significant group assets;

g) Contracts not in the ordinary course of business;

h) Corporate policies in keeping with good corporate governance and business practice; and

i) Allotment, call and forfeiture of shares, dividend distribution, raising new capital and confirming major financial facilities.

Corporate Governance Report

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

Principle 2: Board Composition and Guidance

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

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

Principle 3: Chairman and Chief Executive Officer

The Chairman of the Board is Mr Kartar Singh Thakral ("Mr Kartar"). As the Chairman, Mr Kartar is responsible for, among others, exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board and ensuring compliance with the Group's guidelines on corporate governance. He is assisted by the Deputy Chairman, Mr Natarajan Subramaniam, who is an independent non-executive director. Mr Inderbethal Singh Thakral ("Mr Bethal") and Mr Jaginder Singh Pasricha were appointed as Managing Director, Distribution Business and Managing Director, Real Estate & Corporate respectively, each leading the Group in their respective designated areas of responsibilities. Mr Bethal is the son of 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 of new directors to the Board. Members of the Nomination Committee are:

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

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

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed and revised on 4 August 2010.

The duties of the Nomination Committee are as follows:

1. To recommend new appointments of Directors to the Board.
2. To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
3. To recommend to the Board re-nomination of Directors for re-election at the Company's Annual General Meeting ("AGM") having regard to the directors' contribution and performance.
4. To make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years.
5. To determine the independence of directors.

6. To ensure that Directors who have multiple board representations give sufficient time and attention to the Company's affairs.
7. To assess the contribution of each individual board member to the effectiveness of the Board.
8. To determine and implement the process of assessing the effectiveness of the Board as a whole.
9. To ensure complete disclosure of information of directors and search and nomination process as required under the Code of Corporate Governance 2005 and other statutory regulations.

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

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

Principle 5: Board Performance

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

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

Principle 6: Access to Information

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

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

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

REMUNERATION MATTERS

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

The Compensation Committee comprises:

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

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

The Compensation Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed and revised on 10 November 2010. The duties of the Compensation Committee are as follows:

1. To review and recommend to the Board a framework for 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.

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

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

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

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

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

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

Corporate Governance Report

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

Directors' Remuneration:

Name of Director	Fees %	Salary %	Bonus %	Benefits %	Total %
S$1,000,000 to below S$1,250,000					
Jasvinder Singh Thakral	–	39	42	19	100
S$750,000 to below S$1,000,000					
Inderbethal Singh Thakral	–	17	51	32	100
S$500,000 to below S$750,000					
Jaginder Singh Pasricha	–	97	–	3	100
Kartar Singh Thakral	–	55	44	1	100
Below S$250,000					
Natarajan Subramaniam	100	–	–	–	100
Lee Ying Cheun	100	–	–	–	100
Teo Tong Kooi [1]	100	–	–	–	100
Ting Sii Tien @ Yao Sik Tien	100	–	–	–	100
Pratap Chinnan Nambiar	100	–	–	–	100

Note:
[1] Resigned as a Director with effect from 18 November 2010.

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

Key Senior Executives' Remuneration:

Name of Executive	Salary %	Bonus %	Benefits %	Total %
S$500,000 to below S$750,000				
Kanwaljeet Singh Dhillon	32	30	38	100
S$250,000 to below S$500,000				
Sanjib Sengupta	48	32	20	100
Anil Moolchand Daryanani	48	31	21	100
Below S$250,000				
K F Patrick Lau	78	20	2	100

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

Remuneration of Immediate Family Member of Director:

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

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

Employees' Share Option Scheme and Share Performance Plan

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

Both the 2001 Scheme and the 2001 Plan, administered by the Compensation Committee of the Company, are 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 instils loyalty and a stronger sense of identification with the long-term prosperity of the Group. Further, the 2001 Plan is an integral part of the Company's programme for executive incentive compensation to motivate participants to achieve performance targets of the Group and/or their respective business units.

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

Further information on the 2001 Scheme has been disclosed in the Report of the Directors from pages 28 to 29 as well as under Note 25 to Financial Statements on page 72.

ACCOUNTABILITY AND AUDIT & COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

Corporate Governance Report

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

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

Principle 11: Audit Committee
Principle 12: Internal Controls

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

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

Mr Subramaniam has many years of public accounting experience and was a partner of one of the Big Four accounting firms. The Board has determined that he has adequate qualification and experience in accounting and financial management matters. Mr Lee was a former Deputy Chief Executive Officer of the Singapore Trade Development Board and a key senior executive of a public listed company. The Board has determined that he has the necessary business background and experience and is appropriately qualified to discharge his responsibility as a member of the Audit Committee. Mr Nambiar is an honours graduate in Economics and Statistics from Bombay University and an MBA holder from the National University of Singapore. He is a Partner in Leadership Consulting, Asia Pacific region with Heidrick & Struggles and has over 35 years of international experience as well as held senior management roles in multi-national companies. With Mr Nambiar's business background and experience as well as his active participation in various Audit Committee workshops which keep him current with the roles and responsibilities of the Audit Committee, the Board is confident that he is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

The Audit Committee has written Terms of Reference which clearly set out its authority and duties. The Terms of Reference were last reviewed and revised on 4 August 2010. While focusing in particular on the areas of financial reporting, risk management and internal controls, the Audit Committee has been tasked:

1. To review annual financial statements and quarterly announcements before consideration and adoption by the Board.
2. To review the clarity and quality of the Company's significant accounting policies and disclosures.
3. To review compliance with accounting standards, accounting estimates which materially impact on the financial statements and significant audit adjustments.
4. To evaluate and select the external auditors for recommendation to the Board. In this respect, it would review:
    a. the terms of engagement of the external auditor;
    b. the independence of the external auditor;
    c. the scope of the audit;
    d. the methodology of the audit process; and
    e. the results of the external audit.
5. To evaluate audit and any non-audit service performed by the external auditor in terms of cost effectiveness, objectivity and independence.
6. 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.
7. To review the scope of internal audit through the annual internal audit plans and the results of internal audit.
8. To review the adequacy and effectiveness of internal and risk control procedures.
9. To review compliance with laws and regulations.

10. To review interested person transactions.

11. To review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

12. To follow up on any complaints received from staff members as a result of the Group's whistle blowing policy.

In accordance with item 5 of the above Terms of Reference and as required under Rule 1207(6)(b) of the Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors for the year ended 31 December 2010 and confirmed that they would not, in the Audit Committee's opinion, affect the independence and objectivity of the auditors.

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 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.

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

Whistle-blowing Policy

The Audit Committee has established and put in place a whistle-blowing policy and procedures to provide employees with well defined and accessible channels within the Group, including direct communications via electronic mail, telephone and post to the Audit Committee and 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 overseeing function over the administration of the policy while the GIA administers the policy. In addition, the GIA will also furnish quarterly reports to the Audit Committee stating the number and nature of complaints received, the results thereof, follow up action and the unresolved complaints. Thereafter, summarised results and follow up measures will be advised to the Board of Directors after review by the Audit Committee.

The policy and procedures statement will be reviewed annually by the Audit Committee and the document, whether revised or not upon such review, shall be circulated to employees after each annual review. The Audit Committee has reviewed the policy and procedures statement on 28 February 2011 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 2010 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	5,180	NA
Sales, net of returns	557	NA
Operating lease charges paid/payable	168	NA

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. In terms of the internal audit charter approved by the Audit Committee, the in-house internal audit function is independent of the functions it audits. It functions in terms of the Standards for the Professional Practice of Internal Auditing and the Code of Ethics of The Institute of Internal Auditors. In addition, the GIA has appropriate standing within the Group.

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

DEALINGS IN SECURITIES

The Company has adopted internal codes to comply with the requirements of the Listing Manual. Its officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full year results, until after the release of the relevant results announcement.

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, 2010.

1 DIRECTORS

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

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings in which the directors are deemed to have an interest	
Name of directors and company in which interest is held	As at December 31, 2009	As at December 31, 2010
The Company	**Ordinary shares**	
Kartar Singh Thakral	665,473,230	781,473,230
Inderbethal Singh Thakral	665,473,230	781,473,230

The deemed interests as at December 31, 2009 of the above directors exclude the acquisition of 116,000,000 shares acquired by an associate of these directors on July 8, 2010.

The directors' interests in the shares of the Company as at January 21, 2011 were the same at December 31, 2010.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

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

5 SHARE OPTIONS

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

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, 2009	Lapsed or expired	Exercised	Balance as at December 31, 2010	* Exercise price (S$)	Exercisable period
Jun 18, 2001	1,178,000	–	–	1,178,000	0.05	Jun 18, 2002 to Jun 17, 2011
Jun 18, 2002	1,580,000	–	–	1,580,000	0.07	Jun 18, 2003 to Jun 17, 2012
Apr 7, 2003	5,380,000	–	(300,000)	5,080,000	0.01	Apr 7, 2004 to Apr 6, 2013
Mar 8, 2004	7,650,000	–	–	7,650,000	0.10	Mar 8, 2005 to Mar 7, 2014
Aug 5, 2004	90,000	–	–	90,000	0.10	Aug 5, 2005 to Aug 4, 2014
Apr 1, 2005	5,520,000	(30,000)	–	5,490,000	0.07	Apr 1, 2006 to Mar 31, 2015
Apr 1, 2005	1,000,000	(1,000,000)	–	–	0.12	Apr 1, 2006 to Mar 31, 2010
Apr 3, 2006	970,000	(15,000)	–	955,000	0.04	Apr 3, 2007 to Apr 2, 2016
Feb 1, 2007	900,000	–	–	900,000	0.05	Feb 1, 2008 to Jan 31, 2017
	24,268,000	(1,045,000)	(300,000)	22,923,000		

* Revised exercise price (except for 1,000,000 options granted at S$0.12 on April 1, 2005) with effect from November 10, 2010 pursuant to the completion of the Company's capital reduction and cash distribution exercise on July 7, 2010.

There were no options granted during the year.

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.

5 SHARE OPTIONS (Cont'd)

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

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

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

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

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

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

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

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

6 AUDIT COMMITTEE

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

Natarajan Subramaniam (Chairman)
Lee Ying Cheun
Pratap Chinnan Nambiar

The Audit Committee has met five times since the last Annual General Meeting ("AGM") and has 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;

6 AUDIT COMMITTEE (Cont'd)

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

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

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

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

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 15, 2011

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 33 to 83 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, 2010, 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 15, 2011

Independent Auditors' Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2010, and the profit and loss statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 83.

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 a 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 statement of financial position 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, 2010 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore
March 15, 2011

Statements of Financial Position

DECEMBER 31, 2010

	Note	Group 2010 S$'000	Group 2009 S$'000	Company 2010 S$'000	Company 2009 S$'000
ASSETS					
Current assets					
Inventories	7	41,583	27,492	–	–
Available-for-sale investments	8	–	34,583	–	34,583
Trade receivables	9	30,106	38,061	–	–
Other receivables and prepayments	10	7,676	6,271	2,289	260
Bills receivable	11	–	992	–	–
Cash and bank balances	12	33,189	122,967	844	75,619
Total current assets		112,554	230,366	3,133	110,462
Non-current assets					
Property, plant and equipment	13	4,132	5,118	28	134
Investment properties	14	12,176	11,249	–	–
Investments in subsidiaries	15	–	–	96,649	116,783
Available-for-sale investments	8	18,106	9,000	–	–
Total non-current assets		34,414	25,367	96,677	116,917
Total assets		146,968	255,733	99,810	227,379
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	6,629	4,330	–	–
Bills payable and trust receipts	18	14,468	4,454	–	–
Bank overdrafts and loans	19	7,282	–	–	–
Other payables	20	11,295	12,061	625	670
Provisions	21	2,086	2,027	–	–
Finance lease		–	16	–	16
Income tax payable		1,020	1,232	–	–
Total current liabilities		42,780	24,120	625	686
Non-current liabilities					
Finance lease		–	76	–	76
Deferred tax liability	22	606	304	–	–
Total non-current liabilities		606	380	–	76
Capital and reserves and minority interests					
Issued capital	23	72,531	203,134	72,531	203,134
Reserves	24	27,453	24,572	26,654	23,483
Equity attributable to equity holders of the Company		99,984	227,706	99,185	226,617
Non-controlling interests		3,598	3,527	–	–
Total equity		103,582	231,233	99,185	226,617
Total liabilities and equity		146,968	255,733	99,810	227,379

See accompanying notes to the financial statements.

Consolidated Profit and Loss Statement

YEAR ENDED DECEMBER 31, 2010

	Note	Group 2010 S$'000	Group 2009 S$'000
Continuing Operations			
Revenue	26	409,299	438,806
Cost of sales		(385,237)	(418,581)
Gross profit		24,062	20,225
Other operating income	27	32,876	3,291
Distribution costs		(5,169)	(3,879)
Administrative expenses		(14,917)	(14,045)
Other operating expenses		(473)	(514)
Finance income		909	1,734
Finance costs	28	(143)	(46)
Share of profit from associates	16	–	1,253
Valuation gains on investment properties	14	2,070	2,723
Profit before income tax		39,215	10,742
Income tax expense	29	(1,396)	(952)
Profit for the year from continuing operations		37,819	9,790
Discontinued Operations			
Profit for the year from discontinued operations	30	–	1,961
Profit for the year	31	37,819	11,751
Attributable to:			
Owners of the Company		37,542	11,519
Non-controlling interests		277	232
		37,819	11,751
From continuing and discontinued operations			
Basic earnings per share (cent)	32	1.44	0.44
Diluted earnings per share (cent)	32	1.44	0.44
From continuing operations			
Basic earnings per share (cent)	32	1.44	0.37
Diluted earnings per share (cent)	32	1.44	0.37

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

YEAR ENDED DECEMBER 31, 2010

	Group	
	2010	2009
	S$'000	S$'000
Profit for the year	37,819	11,751
Other comprehensive income		
Translation loss arising on consolidation	(8,465)	(4,146)
Reclassification to profit or loss from equity upon disposal of available-for-sale investments	(29,235)	–
Net fair value changes in available-for-sale investments	2,833	14,404
Other comprehensive (loss) income for the year, net of tax	(34,867)	10,258
Total comprehensive income for the year	2,952	22,009
Total comprehensive income attributable to:		
Owners of the Company	2,881	21,884
Non-controlling interests	71	125
	2,952	22,009

See accompanying notes to the financial statements.

Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2010

Group	Issued capital	Asset revaluation reserve	Fair value adjustment reserve	Options reserve	Translation reserve	(Accumulated losses)/ Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at January 1, 2009	203,134	968	19,490	759	(8,486)	(10,043)	205,822	3,926	209,748
Total comprehensive income for the year	–	(19)	14,404	–	(4,020)	11,519	21,884	125	22,009
Transfer from asset revaluation reserve to accumulated losses on disposal of properties	–	(262)	–	–	–	262	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(524)	(524)
Balance at December 31, 2009	203,134	687	33,894	759	(12,506)	1,738	227,706	3,527	231,233
Total comprehensive income for the year	–	(62)	(26,402)	–	(8,197)	37,542	2,881	71	2,952
Issue of shares on exercise of employees' share options (Note 23)	3	–	–	–	–	–	3	–	3
Capital reduction (Note 23)	(130,606)	–	–	–	–	–	(130,606)	–	(130,606)
Balance at December 31, 2010	72,531	625	7,492	759	(20,703)	39,280	99,984	3,598	103,582

Company	Issued capital	Fair value adjustment reserve	Options reserve	(Accumulated losses)/Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at January 1, 2009	203,134	19,490	759	(19,354)	204,029
Total comprehensive income for the year	–	13,110	–	9,478	22,588
Balance at December 31, 2009	203,134	32,600	759	(9,876)	226,617
Total comprehensive income for the year	–	(32,600)	–	35,771	3,171
Capital reduction (Note 23)	(130,606)	–	–	–	(130,606)
Issue of shares on exercise of employees' share options (Note 23)	3	–	–	–	3
Balance at December 31, 2010	72,531	–	759	25,895	99,185

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2010

	Group	
	2010	2009
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	39,215	12,703
Adjustments for:		
Share of profit from associates	–	(1,253)
Depreciation expense	473	514
Dividend income from quoted equity shares	–	(1,058)
Finance lease charges	3	2
Interest expense	140	44
Interest income	(909)	(1,734)
Gain on disposal of property, plant and equipment	(1,481)	(1,694)
Gain on disposal of investment properties	–	(279)
Gain on disposal of available-for-sale investments	(28,722)	–
Valuation gains on investment properties	(2,070)	(2,723)
Net foreign exchange gain (loss)	84	(786)
Reversal of impairment charges and provisions for planned closure	(152)	(890)
Allowance for impairment in value of available-for-sale investments	15	–
Impairment charges for investment properties	–	319
Allowance for (reversal of) inventories	1,194	(30)
Allowance for doubtful trade receivables	94	158
Reversal of allowance for doubtful other receivables	(272)	(25)
Operating cash flows before movements in working capital	7,612	3,268
Trade receivables	5,497	(723)
Other receivables and prepayments	(1,791)	(1,414)
Inventories	(17,662)	(10,857)
Trade payables	2,648	1,794
Other payables and provisions	493	88
Cash used in operations	(3,203)	(7,844)
Dividends received	–	1,052
Income tax paid	(1,224)	(123)
Finance lease charges paid	(3)	(2)
Interest paid	(97)	(44)
Interest received	1,214	1,404
Net cash used in operating activities	(3,313)	(5,557)

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2010

	Group	
	2010	2009
	S$'000	S$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (Note A)	(304)	(486)
Distribution and net recovery of balances from associates	–	2,421
Proceeds from disposal of property, plant and equipment	2,002	1,938
Proceeds from disposal of investment properties	–	4,207
Proceeds from disposal of available-for-sale investments	30,705	–
Additions to available-for-sale investments	(3,612)	–
Net cash from investing activities	28,791	8,080
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash distribution on capital reduction	(130,606)	–
Net proceeds from issue of shares on exercise of employees' options	3	–
Net repayment of obligations under finance lease	(92)	(5)
Decrease (Increase) in fixed deposit with maturity exceeding three months	80,964	(86,041)
Increase in pledged bank deposits	(2,011)	(1,336)
Decrease (Increase) in bills receivable	971	(992)
Increase in bills payable and trust receipts	10,261	4,454
Increase in bank loans	6,544	–
Net cash used in financing activities	(33,966)	(83,920)
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(3,075)	(1,282)
Net decrease in cash and cash equivalents	(11,563)	(82,679)
Cash and cash equivalents at beginning of year (Note 12)	35,590	118,269
Cash and cash equivalents at end of year (Note 12)	24,027	35,590

Note A: Property, plant and equipment

In 2009, the Group acquired property, plant and equipment with aggregate cost of S$583,000 of which S$97,000 was acquired by means of finance lease. Cash payment of S$486,000 were made in respect of property, plant and equipment purchased.

See accompanying notes to the financial statements.

1 GENERAL

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

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

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

The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the year ended December 31, 2010 were authorised for issue by the Board of Directors on March 15, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies except for the adoption of FRS 27 (2009) Consolidated and Separate Financial Statements and FRS 103 (2009) Business Combinations as disclosed below. However, the change in accounting policies has no material effect on the amounts reported for the current or prior years.

FRS 103 (2009) Business Combinations

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of FRS 103 (2009) Business Combinations on the Group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FRS 27 (2009) Consolidated and Separate Financial Statements

FRS 27 (2009) has been adopted for periods beginning on or after January 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

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

- FRS 24 (Revised) Related Party Disclosures
- Improvements to Financial Reporting Standards (issued in October 2010)
- Amendments to FRS 12 Income Taxes

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

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

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure of transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or group of transactions involved.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amendments to FRS 12 Income Taxes

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

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2012. Early application is permitted. The date of adoption of these amendments by the Group and its financial impact has yet to be determined as at date of this report.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) and the financial statement of the subsidiaries are made up to December 31 for each year. Control is achieved when 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 profit or loss from the effective date of acquisition or to the effective date of disposal, as appropriate.

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF CONSOLIDATION (Cont'd)

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

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 the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENTS (Cont'd)

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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and 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 directly in the other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets (Cont'd)

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Derecognition of financial liabilities

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

Derivative financial instruments

From time to time and in the normal course of business, the Group enters 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.

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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

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

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

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

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

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

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

INVESTMENT PROPERTIES – Investment properties which are properties held to earn rentals and/or for capital appreciation 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 and loss accounts for the period in which they arise.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IMPAIRMENT OF ASSETS (Cont'd)

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

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred a legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

REVENUE RECOGNITION (Cont'd)

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.

Management fees

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

Rental income

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

Interest income

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

Dividend income

Dividend income is recognised when the shareholder's right to receive the dividend is legally established.

BORROWING COSTS – All borrowing costs are recognised in the 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 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 profit and loss statement 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INCOME TAX (Cont'd)

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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 and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (Cont'd)

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 on 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, the cumulative amount of the exchange differences relating to that foreign operation accumulated in the Group's translation reserve, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

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

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, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

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

Key sources of estimation uncertainty

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

Allowances for inventories

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

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

Key sources of estimation uncertainty (Cont'd)

Allowances for receivables

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

Impairment for investments in subsidiaries

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
Loans and receivables (including cash and bank balances)	68,490	164,638	3,082	75,862
Available-for-sale financial assets	18,106	43,583	–	34,583
Financial Liabilities				
Amortised cost	33,841	15,389	625	762

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

(b) Financial risk management objectives and policies

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

(i) Credit risk management

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

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

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as about 42% (2009 : 60%) of the total trade and other receivables was due from the Group's ten largest customers. As at December 31, 2010, the Group holds security cheques and deposit from customers representing about 24% (2009 : 54%) 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 Note 18 and 19 to the financial statements. As certain rates are based on interbank offer rates, the Group is exposed to cash flow interest rate risk. This risk is not hedged. Interest bearing assets and liabilities are short to medium-term in nature, and any variation in the interest rates is not expected to have a material impact on the results of the Group.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit for the year ended December 31, 2010 of the Group and Company would increase/decrease by S$3,000 and S$Nil respectively (2009 : profit increase/decrease by S$534,000 and S$379,000 respectively).

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

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

(iii) Foreign exchange risk management

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

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

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

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2010	2009	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	26,303	55,081	14,712	12,878	14	18,198	1	–
Indian rupees	–	34,583	–	–	–	34,583	–	–
Australian dollars	14,444	12,143	–	–	–	3,207	–	–
Hong Kong dollars	2,871	29	66,209	75,293	2,844	–	20,095	27,894
Singapore dollars	41	17	1,008	24,799	–	–	–	–
Chinese renminbi	3,837	8,297	201	4	–	–	–	–
Japanese yen	80	81	–	–	–	–	–	–

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

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

Foreign currency sensitivity

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

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

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

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

Foreign currency sensitivity (Cont'd)

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

	United States dollar impact		Chinese renminbi impact		Hong Kong dollar impact		Indian rupee impact		Australian dollar impact		Singapore dollar impact	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group												
Profit for the year	(1,183)	(4,313)	(388)	(858)	6,612	7,685	–	–	–	(321)	102	2,559
Other equity	24	93	24	29	(278)	(158)	–	(3,458)	(1,444)	(894)	(5)	(81)
Company												
Profit for the year	(1)	(1,813)	–	–	1,725	2,789	–	–	–	(321)	–	–
Other equity	–	–	–	–	–	–	–	(3,458)	–	–	–	–

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

	United States dollar impact		Chinese renminbi impact		Hong Kong dollar impact		Indian rupee impact		Australian dollar impact		Singapore dollar impact	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group												
Profit for the year	1,183	4,313	388	858	(6,612)	(7,685)	–	–	–	321	(102)	(2,559)
Other equity	(24)	(93)	(24)	(29)	278	158	–	3,458	1,444	894	5	81
Company												
Profit for the year	1	1,813	–	–	(1,725)	(2,789)	–	–	–	321	–	–
Other equity	–	–	–	–	–	–	–	3,458	–	–	–	–

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

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

(iv) Liquidity risk management

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

The Group also utilises overdrafts and loans from financial institutions for working capital purposes. As disclosed in Note 19, the Group has a repayable on demand 10-year mortgage loan which has been classified as a current liability in view of accounting rules that require such classification for term loans where the lender has the right to demand repayment at its discretion. However, management expects to repay the monthly instalments and a final bullet payment in 2020 as per the agreed schedule and thus avoid the need for the lender to demand early repayment.

(v) Fair value of financial assets and financial liabilities

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

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

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

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

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

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

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

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

Financial instruments measured at fair value:

Group	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
2010				
Available-for-sale investments				
Quoted equities	14,444	14,444	–	–
Unquoted finance fund	3,612	–	–	3,612
	18,056	14,444	–	3,612

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

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

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

In 2009, the Group's and Company's financial assets measured at fair value were all classified as Level 1.

Financial assets measured at fair value based on level 3

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

(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 Company enters into forward exchange contracts to hedge its currency exposure arising from firm commitments to suppliers for the purchase of goods.

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

As at December 31, 2010 and 2009, the Group did not have any outstanding commitments.

(vii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Further details of these equity investments can be found in Note 8 to the financial statements.

Equity price sensitivity

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

In respect of available-for-sale equity investments, if the quoted price had been 10% higher while all other variables are held constant, the Group's fair value adjustment reserve would increase by S$1,444,000 (2009 : increase by S$4,352,000). If the quoted price had been 10% lower while all other variables are held constant, the Group's profit for the year would not be affected and the Group's fair value adjustment reserve would decrease by S$1,444,000 (2009 : decrease by S$4,352,000).

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

(c) Capital risk management policies and objectives

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 18 and 19 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 23 and 24. A direct subsidiary of the Company is required to maintain a minimum net worth level in order to comply with a covenant for a trade finance facility from a bank. The subsidiary is also required to maintain a minimum loan-to-security value ratio in order to comply with a covenant in a loan agreement with a bank. The subsidiary is in compliance with externally imposed capital requirements for the financial year ended December 31, 2010. There were no imposed capital requirements in 2009.

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 2009.

5 RELATED COMPANY TRANSACTIONS

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

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

6 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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, non-interest bearing and repayable on demand.

Significant transactions with related parties were as follows:

	Group	
	2010	2009
	S$'000	S$'000
Sales, net of returns	1,421	2,345
Purchases, net of returns	(12,875)	(10,628)
Interest income	–	3
Service fees paid	(100)	(126)
Commission paid	(189)	(263)
Commission income	301	575
Consultancy fee and benefits payable	–	(417)
Lease payments under operating lease	(205)	(270)

6 RELATED PARTY TRANSACTIONS (Cont'd)

Compensation of directors and key management personnel

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

	Group	
	2010	2009
	S$'000	S$'000
Short-term benefits	4,972	3,550

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

7 INVENTORIES

	Group	
	2010	2009
	S$'000	S$'000
Properties held for sale	2,827	4,146
Finished goods and goods for resale	38,389	23,329
Raw materials	177	12
Work-in-progress	190	5
	41,583	27,492

The cost of inventories recognised as an expense includes a charge of S$1,194,000 (2009 : credit of S$30,000) in respect of allowance (2009 : reversal of allowance) for inventories to net realisable value.

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

Description & Location	% Owned	Gross floor area (square metres)	Stage of completion as at December 31, 2010 and 2009
Commercial units in 2-storey low-rise buildings along Jiao Tong Road South, Wujiang, Jiangsu Province, People's Republic of China	55	9,202	100%

8 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
At fair value:				
Quoted equity shares	14,444	43,520	–	34,583
Unquoted finance fund	3,612	–	–	–
	18,056	43,520	–	34,583
Club debenture	363	347	–	–
Allowance for impairment in value	(313)	(286)	–	–
	50	61	–	–
Guarantee deposits and other investments	–	2	–	–
Total	18,106	43,583	–	34,583
Total available-for-sale investments				
- Current	–	34,583	–	34,583
- Non-current	18,106	9,000	–	–
	18,106	43,583	–	34,583

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

The investment in unquoted finance fund units offer the Group the opportunity for return through distributions from the fund and fair value gains. The fair value of the unquoted finance fund units is based on the Group's share of the net assets of the fund.

The Group disposed its quoted investment in India during the year. This was classified under current assets as at December 31, 2009 in view of the Group's intention to dispose this within the next 12 months.

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Indian rupees	–	34,583	–	34,583
Australian dollars	14,444	8,937	–	–

9 TRADE RECEIVABLES

	Group	
	2010	2009
	S$'000	S$'000
Trade debtors	33,691	42,568
Allowances for doubtful trade receivables	(3,585)	(4,507)
	30,106	38,061

9 TRADE RECEIVABLES (Cont'd)

Movements in allowances for doubtful trade receivable were as follows:

	Group	
	2010	2009
	S$'000	S$'000
Balance at beginning of year	4,507	5,281
Translation adjustment	(319)	(124)
Reversal of allowance credited to profit or loss	(61)	(185)
Amounts written-off	(542)	(465)
Balance at end of year	3,585	4,507

The average credit period on sale of goods is 30 days (2009 : 32 days). No interest is charged on the overdue trade receivables.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of S$3,585,000 (2009 : S$4,507,000). 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$8,306,000 (2009 : S$3,881,000) which are past due at the end of the reporting period for which the Group has not made any allowance as there has not been a significant change in credit quality and these amounts are still considered recoverable. The Group does not hold any collateral over these balances except for security cheques and deposits from certain customers.

	Group	
	2010	2009
	S$'000	S$'000
(i) Aging of receivables that are past due but not impaired		
< 3 months	7,403	3,599
3 months to 6 months	772	113
> 6 months	131	169
Total	8,306	3,881

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

	Group	
	2010	2009
	S$'000	S$'000
Singapore dollars	2	–
United States dollars	9,539	8,629

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Deposits	651	915	14	23
Advances to suppliers	2,173	3,340	–	–
VAT/Tax recoverable	3,282	1,470	–	–
Prepayments	308	313	51	17
Interest receivable	57	390	–	220
Dividends receivable	–	–	2,224	–
Others	1,756	1,054	–	–
Allowances for doubtful other receivables	(551)	(1,211)	–	–
	7,676	6,271	2,289	260

Movements in allowances for doubtful other receivables were as follows:

	Group	
	2010	2009
	S$'000	S$'000
Balance at beginning of year	1,211	1,643
Translation adjustment	(75)	(36)
(Reversal of) Allowance recognised in profit or loss	(293)	79
Amounts written-off	(292)	(475)
Balance at end of year	551	1,211

Included in advances to suppliers is an amount of S$2,000 (2009 : S$794,000) paid to a related party for the supply of goods. The amounts advanced to suppliers are unsecured, interest-free and repayable on demand.

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
United States dollars	781	934	–	64
Australian dollars	–	88	–	88
Hong Kong dollars	2,224	–	2,224	–

11 BILLS RECEIVABLE

Bills receivable represent bankers' acceptances of trade receivables due by customers for goods sold and delivered to them.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	19,532	109,974	–	75,292
Cash and bank balances	13,657	12,993	844	327
	33,189	122,967	844	75,619
Less:				
Fixed deposits with maturities exceeding three months	(5,077)	(86,041)	–	(73,790)
Fixed deposits that have been pledged to the bank against bills payables and trust receipts	(3,347)	(1,336)	–	–
Bank overdrafts (Note 19)	(738)	–	–	–
Cash and cash equivalents	24,027	35,590	844	1,829

Fixed deposits bear interest at an average effective interest rate of 1.40% (2009 : 1.65%) per annum and for an average tenure of approximately 120 days (2009 : 180 days).

Cash and bank balances as at December 31, 2009 included the balance of the gross proceeds of approximately S$68,100,000 raised from the rights issue of shares and convertible bonds in February 2006. The Company had utilised about S$19,029,000 from these proceeds up to December 31, 2009 for purposes previously announced. The remainder was utilised for the Cash Distribution referred to in Note 23.

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	39	17	–	–
United States dollars	4,377	34,060	14	18,134
Hong Kong dollars	647	29	620	–
Japanese yen	1	1	–	–
Australian dollars	–	3,119	–	3,119

13 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, 2009	6,320	21,057	874	1,100	29,351
Translation adjustments	(201)	(492)	(23)	(36)	(752)
Additions	–	155	262	166	583
Disposals	(271)	(15,594)	(17)	(331)	(16,213)
At December 31, 2009	5,848	5,126	1,096	899	12,969
Translation adjustments	(324)	(205)	(54)	(24)	(607)
Additions	–	101	61	142	304
Disposals	(727)	(47)	(233)	(235)	(1,242)
At December 31, 2010	4,797	4,975	870	782	11,424
Accumulated depreciation:					
At January 1, 2009	1,500	10,825	772	724	13,821
Translation adjustments	(44)	(265)	(23)	(26)	(358)
Depreciation	106	275	65	68	514
Disposals	(58)	(7,908)	(12)	(260)	(8,238)
At December 31, 2009	1,504	2,927	802	506	5,739
Translation adjustments	(130)	(140)	(34)	(14)	(318)
Depreciation	83	220	85	85	473
Disposals	(197)	(25)	(229)	(157)	(608)
At December 31, 2010	1,260	2,982	624	420	5,286
Impairment:					
At January 1, 2009	383	9,589	–	48	10,020
Translation adjustments	(10)	(220)	–	(1)	(231)
Disposals	–	(7,630)	–	(47)	(7,677)
At December 31, 2009	373	1,739	–	–	2,112
Translation adjustments	(33)	(51)	–	–	(84)
Disposals	–	(22)	–	–	(22)
At December 31, 2010	340	1,666	–	–	2,006
Carrying amount:					
At December 31, 2010	3,197	327	246	362	4,132
At December 31, 2009	3,971	460	294	393	5,118

13 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group has pledged land and buildings having a carrying amount of approximately S$1,376,000 (2009 : S$Nil) to secure banking facilities granted to the Group.

	Plant and equipment	Leasehold improvements, furniture and fixtures	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000
Company				
Cost:				
At January 1, 2009	1,394	65	–	1,459
Additions	–	30	110	140
At December 31, 2009	1,394	95	110	1,599
Additions	–	6	–	6
Disposal	–	–	(110)	(110)
At December 31, 2010	1,394	101	–	1,495
Accumulated depreciation:				
At January 1, 2009	579	55	–	634
Depreciation	3	5	11	19
At December 31, 2009	582	60	11	653
Disposal	–	–	(32)	(32)
Depreciation	–	13	21	34
At December 31, 2010	582	73	–	655
Impairment:				
Balance at December 31, 2009 and at December 31, 2010	812	–	–	812
Carrying amount:				
At December 31, 2010	–	28	–	28
At December 31, 2009	–	35	99	134

14 INVESTMENT PROPERTIES

	Group	
	2010	2009
	S$'000	S$'000
Leasehold land and buildings:		
People's Republic of China	12,176	11,249
Movements in investment properties were as follows:		
Balance at beginning of year	11,249	13,174
Disposals	–	(3,907)
Valuation gains for the year recognised in profit or loss	2,070	2,723
Impairment charge (Note 31)	–	(319)
Translation adjustment	(1,143)	(422)
Balance at end of year	12,176	11,249

The investment properties in People's Republic of China (including Hong Kong) which are stated at valuation were valued on December 31, 2010 by Colliers International (HK) Ltd. (which is an independent firm of professional valuers), on an open market desktop basis (2009 : valued on open market desktop basis).

During the year, the Group recorded valuation gains on investment properties amounting to S$2,070,000 (2009 : S$2,723,000) in profit or loss.

The property rental income from the Group's investment properties leased out under operating leases amounted to S$418,000 (2009 : S$451,000). Direct operating expenses (including repairs and maintenance) arising from the investment properties that generated rental income during the year amounted to S$71,000 (2009 : S$80,000).

The Group has pledged investment properties having a carrying amount of approximately S$10,791,000 (2009 : S$Nil) to secure banking facilities granted to the Group.

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

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

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	S$'000	S$'000
Carrying value of investment in subsidiaries	96,649	116,783

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

	Company	
	2010	2009
	S$'000	S$'000
Balance at beginning of year	220,582	229,335
Impairment loss (Reversal of allowance) for loans	3,266	(8,753)
Balance at end of year	223,848	220,582

As at December 31, 2010, the Company has net loans to subsidiaries amounting to S$82,116,000 (2009: S$71,191,000) which are fully impaired.

During the year, impairment loss and allowance for loans due from subsidiaries amounting to approximately S$3,266,000 (2009 : reversal of S$8,753,000) was recognised in the Company's profit and loss account in relation to the carrying values of certain investments in subsidiaries.

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
		2010	2009	2010	2009	
		S$'000	S$'000	%	%	
Thakral Corporation (HK) Limited (3)	Hong Kong	229,638	257,431	100	100	Trading in consumer electronics products
Thakral Brothers Limited (2)	Japan	7,543	7,543	100	100	Trading in consumer electronics products
Thakral Overseas Pte Ltd	Singapore	1,200	1,200	100	100	Investment holding
Thakral Pan Asia Property Holdings Pte Ltd	Singapore	#	#	100	100	Investment holding
Thakral China Ltd (4)	People's Republic of China	*	*	100	100	Investment holding

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2010	2009	2010	2009	
		S$'000	S$'000	%	%	
Thakral Electronics (Shanghai) Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Thakral (Chengdu) Digital Technology Development Co Ltd (1)	People's Republic of China	*	*	100	100	Development and sale of electronics products
Wu Jiang Dafa Real Estate Development Co Ltd (1)	People's Republic of China	*	*	55	55	Property development and rental management
Guangzhou Jia Xin Trade Co Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Shanghai Tetronics Co Ltd (1)	People's Republic of China	*	*	100	100	Trading in consumer electronics products
Prestige Wealth Limited (3)	Hong Kong	*	*	100	100	Investment holding
Hanbest Limited (3)	Hong Kong	*	*	100	100	Investment holding
		238,381	266,174			

* Held by subsidiaries

\# Less than S$1,000

Thakral Corporation (HK) Ltd ("TCHK"), a wholly-owned subsidiary of the Company, reduced its share premium account by a sum of HK$614,403,000 (equivalent to about S$111,281,000) pursuant to a petition granted by the High Court of Hong Kong on January 22, 2010. Based on this Court approval, TCHK eliminated its accumulated losses in the sum of HK$460,952,000 and set off the loan of HK$153,451,000 (equivalent to S$27,793,000) due to it by the Company, which the Company reduced from its cost of investment in TCHK.

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

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

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

(3) Audited by Moore Stephens, Hong Kong

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

16 INVESTMENTS IN ASSOCIATES

	Group and Company	
	2010	2009
	S$'000	S$'000
Unquoted equity shares, at cost	–	91
Share of net post–acquisition profits	–	1,374
Dividends received	–	(1,465)
Total	–	–

First Capital Property Ventures Pte Ltd, an associate of the Company, was dissolved on June 22, 2010 pursuant to the members' voluntary winding up.

Summarised financial information in respect of the Company's and the Group's associates is set out below:

	Group and Company	
	2010	2009
	S$'000	S$'000
Profit for the year	–	4,263
Company's and Group's share of profit for the year	–	1,253

17 TRADE PAYABLES

	Group	
	2010	2009
	S$'000	S$'000
Outside parties	6,524	4,116
Due to related party (Note 6)	105	214
	6,629	4,330

The average credit period on purchases of goods is 5 days (2009 : 3 days).

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

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

	Group	
	2010	2009
	S$'000	S$'000
United States dollars	4,788	890
Singapore dollars	–	28

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

	Group	
	2010	2009
	S$'000	S$'000
United States dollars	9,920	–

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

19 BANK OVERDRAFTS AND LOANS

	Group	
	2010	2009
	S$'000	S$'000
Bank loans	6,544	–
Bank overdrafts (Note 12)	738	–
	7,282	–

The Group's term loan is a 10-year mortgage loan obtained against the security of certain properties in Hong Kong and a corporate guarantee by the Company. The term loan is expected to be repaid by monthly instalments and a final bullet payment in 2020 as per the agreement with the bank but has been classified as a current liability in view of accounting rules that require such classification for term loans that are subject to a "repayment on demand" clause which provide the lender with the right to demand repayment at any time at its discretion.

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

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

	Group	
	2010	2009
	S$'000	S$'000
United States dollars	3	–

20 OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Accruals	4,404	3,522	625	670
Advances from customers	5,833	5,548	–	–
Tax payable	815	1,641	–	–
Sundry creditors	206	775	–	–
Others	37	575	–	–
	11,295	12,061	625	670

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
United States dollars	1	–	1	–
Chinese renminbi	4	4	–	–

21 PROVISIONS

Group	Employee benefits	Exit costs for planned closure	Others	Total
	S$'000	S$'000	S$'000	S$'000
As at January 1, 2009	1,821	1,769	115	3,705
Additional provisions for the year	186	–	–	186
Translation adjustment	(51)	(23)	(2)	(76)
Utilisation	(353)	(1,344)	(91)	(1,788)
As at December 31, 2009	1,603	402	22	2,027
Additional provisions for the year	787	–	15	802
Reversal during the year	–	(152)	–	(152)
Translation adjustment	(169)	(16)	–	(185)
Utilisation	(172)	(234)	–	(406)
As at December 31, 2010	2,049	–	37	2,086

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:

	Group	
	Revaluation gains on investment properties	
	2010	2009
	S$'000	S$'000
Balance as at beginning of year	304	219
Translation adjustment	(49)	(15)
Disposal of investment properties	–	(190)
Charge to profit or loss for the year (Note 29)	351	290
Balance as at end of year	606	304

23 ISSUED CAPITAL

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid				
At beginning of year	2,612,113,668	2,612,113,668	203,134	203,134
Issue of shares on exercise of employees' share options	300,000	–	3	–
Capital reduction	–	–	(130,606)	–
At end of year	2,612,413,668	2,612,113,668	72,531	203,134

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

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, and is effectively realised, is transferred directly to retained earnings. The asset revaluation reserve is not available for distribution to the Company's shareholders.

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

The share option reserve arises on the grant of share options to employees under the employee share option scheme. Further information about share-based payments to employees is set out in Note 25 of the financial statements.

24 RESERVES (Cont'd)

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.

25 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

	Group and Company			
	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of the year	24,268,000	0.11	33,393,000	0.12
Lapsed or expired during the year	(1,045,000)	0.12	(9,125,000)	0.12
Exercised during the year	(300,000)	0.01	–	–
Outstanding at end of the year *	22,923,000	0.06	24,268,000	0.11
Exercisable at end of the year *	22,923,000	0.06	24,268,000	0.11

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

No options were granted or exercised in 2010 and 2009. The options outstanding at the end of the year have a weighted average remaining contractual life of 3.2 years (2009 : 4.0 years).

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

26 REVENUE

	Group					
	Continuing operations		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Product sales	406,942	435,336	–	141	406,942	435,477
Sales of properties	1,781	1,617	–	–	1,781	1,617
Dividend income from quoted equity shares (outside parties)	–	1,058	–	–	–	1,058
Rental income	576	795	–	–	576	795
	409,299	438,806	–	141	409,299	438,947

27 OTHER OPERATING INCOME

	Group	
	Continuing Operations	
	2010	2009
	S$'000	S$'000
Gain on disposal of available-for-sale investments	28,722	–
Gain on disposal of property, plant and equipment	1,481	155
Gain on disposal of investment properties	–	279
Foreign currency exchange adjustment gain	1,906	1,247
Damages and interest received from legal claims	–	833
Others	767	777
	32,876	3,291

28 FINANCE COSTS

	Group	
	Continuing Operations	
	2010	2009
	S$'000	S$'000
Interest expense to non-related entities	140	44
Finance lease charges	3	2
	143	46

29 INCOME TAX EXPENSE

	Group	
	Continuing Operations	
	2010	2009
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of current year	1,045	1,279
Over provision in prior years	–	(617)
Deferred tax:		
Amount provided for taxation in respect of deferred tax:		
Liabilities in current year (Note 22)	351	290
Income tax expense for the year	1,396	952

The income tax is calculated at 17% (2009 : 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2010	2009
	S$'000	S$'000
Profit before tax:		
Continuing operations	39,215	10,742
Discontinued operations (Note 30)	–	1,961
	39,215	12,703
Income tax charge at statutory rate of 17%	6,667	2,160
Tax effect of:		
Expenses that are not deductible in determining taxable profit	803	787
Income that is not taxable in determining taxable profit	(6,091)	(2,008)
Current year's tax losses not recognised	95	1,134
Different tax rates of the subsidiaries and associates operating in other jurisdictions	709	301
Tax effect on utilisation of deferred tax benefits previously not recognised	(816)	(920)
Effect on deferred tax balance due to change in tax rate	29	115
Over provision of tax in respect of prior years	–	(617)
Total income tax expense for the year	1,396	952

29 INCOME TAX EXPENSE (Cont'd)

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

	2010 S$'000	2009 S$'000
Amount at beginning of year	247,807	240,809
Tax losses expired during the year	(4,712)	(1,626)
Amount in current year	560	6,672
Translation adjustment	(14,641)	7,409
Adjustment for prior years after finalisation	(121)	(45)
Amount utilised in current year	(4,801)	(5,412)
	224,092	247,807
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	39,020	43,712

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

	2010 S$'000	2009 S$'000
Amount at beginning of year	2,206	2,315
Amount in current year	28	7
Amount utilised in current year	(312)	(116)
	1,922	2,206
Deferred tax benefit on above not recorded	327	375

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

30 DISCONTINUED OPERATIONS

Electronic Manufacturing Services ("EMS")

The Electronic Manufacturing Services ("EMS") division was discontinued in the prior year. The results of the EMS division were classified as discontinued operations as follows:

	2010	2009
	S$'000	S$'000
Revenue	–	141
Cost of sales	–	(83)
Gross profit	–	58
Other operating income	–	1,539
Reversal of impairment charges and provisions	–	365
Foreign exchange translation loss	–	(1)
Profit for the year	–	1,961

In 2009, the discontinued EMS division accounted for S$1,911,000 as cash outflow in the Group's net operating cash flows and S$977,000 cash inflow in respect of financing activities.

31 PROFIT FOR THE YEAR

	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Profit for the year is arrived at after charging (crediting):						
Directors' remuneration:						
of the Company	3,523	2,214	–	–	3,523	2,214
of subsidiaries	857	989	–	–	857	989
Total directors' remuneration	4,380	3,203	–	–	4,380	3,203
Costs of inventories recognised as expense	383,543	417,226	–	83	383,543	417,309
Audit fees:						
Paid to auditors of the Company						
Current year	234	224	–	–	234	224
Paid to other auditors						
Current year	317	339	–	–	317	339
Under-provision in prior year	11	18	–	–	11	18
Non-audit fees paid to auditors:						
Auditors of the Company	79	68	–	–	79	68
Other auditors	42	67	–	–	42	67

31 PROFIT FOR THE YEAR (Cont'd)

	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Gain on disposal of property, plant and equipment	(1,481)	(155)	–	(1,539)	(1,481)	(1,694)
Allowance (Reversal of allowance) for inventories	1,194	(30)	–	–	1,194	(30)
Reversal of impairment charges and provisions for planned closures	(152)	(525)	–	(365)	(152)	(890)
Impairment charges for investment properties (Note 14)	–	319	–	–	–	319
Foreign currency exchange adjustment (gain) loss	(1,906)	(1,247)	–	1	(1,906)	(1,246)
Impairment loss on financial assets:						
Allowance for doubtful trade receivables	94	158	–	–	94	158
Reversal of allowance for doubtful other receivables	(272)	(25)	–	–	(272)	(25)
Impairment loss for available-for-sale investments	15	–	–	–	15	–
Total impairment loss on financial assets	(163)	133	–	–	(163)	133
Depreciation and amortisation:						
Depreciation of property, plant and equipment	473	514	–	–	473	514
Employee benefits expense (including directors' remuneration):						
Defined contribution plans	456	436	–	–	456	436
Other	12,464	9,873	–	–	12,464	9,873
Total employee benefits expense	12,920	10,309	–	–	12,920	10,309

32 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

From continuing and discontinued operations

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

	2010	2009
	cent	cent
Basic earnings per share	1.44	0.44
Diluted earnings per share	1.44	0.44

32 BASIC AND DILUTED EARNINGS PER SHARE (CENTS) (Cont'd)

From continuing and discontinued operations (Cont'd)

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

	2010	2009
	S$'000	S$'000
Profit for the year attributable to owners of the Company	37,542	11,519

From continuing operations

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

	2010	2009
	cent	cent
Basic earnings per share	1.44	0.37
Diluted earnings per share	1.44	0.37

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

	2010	2009
	S$'000	S$'000
Profit for the year attributable to equity holders of the Company	37,542	11,519
Adjustment for the profit for the year from discontinued operations	–	(1,961)
Profit from continuing operations	37,542	9,558

From discontinued operations

Basic earnings per share and diluted earnings per share for the discontinued operation are 0.07 cent based on the profit for the year ended December 31, 2009 from the discontinued operations and the denominator detailed above for both basic and diluted earnings per share.

33 SEGMENT INFORMATION

The Group, which operates in two geographical segments being the People's Republic of China (including Hong Kong) and others (Japan, Singapore and Australia), has 4 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 (previously known as supply chain management, marketing and brand building) ("DIST")

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

(b) Electronics manufacturing services ("EMS")

Contract manufacturing, which was discontinued during the last financial year, was carried out in People's Republic of China.

(c) Property holding and real estate investments division ("PPT")

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

(d) Others ("OTH")

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

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

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

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

33 SEGMENT INFORMATION (Cont'd)

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

Group's reportable segments **Year ended December 31, 2010**	DIST S$'000	PPT S$'000	OTH S$'000	TOTAL S$'000
Revenue				
External sales from continuing operations	406,942	2,357	–	409,299
Result				
Segment result from continuing operations	8,486	1,591	(2,156)	7,921
Unallocated corporate expenses				(2,170)
Valuation gains on investment properties	–	2,070	–	2,070
Gain on disposal of available-for-sale investments	–	–	28,722	28,722
Finance income				909
Finance costs				(143)
Foreign exchange gain				1,906
Profit before income tax				39,215
Income tax expense				(1,396)
Profit for the year				37,819
Other information				
Capital expenditure:				
Property, plant and equipment	298	–	6	304
Depreciation expense of continuing operations	369	91	13	473
Assets				
Segment assets	104,892	26,691	15,385	146,968
Total assets				146,968
Liabilities				
Segment liabilities	38,172	2,970	618	41,760
Income tax payable				1,020
Deferred tax liability				606
Total liabilities				43,386

33 SEGMENT INFORMATION (Cont'd)

Group's reportable segments
Year ended December 31, 2009

	DIST	EMS	PPT	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue					
External sales from continuing operations	435,336	–	2,412	1,058	438,806
Result					
Segment result from continuing operations	6,928	–	720	(1,829)	5,819
Unallocated corporate expenses					(1,988)
Valuation gains on investment properties			2,723		2,723
Finance income					1,734
Finance costs					(46)
Foreign exchange gain					1,247
Profit before income tax and share of result of associates					9,489
Share of result of associates					1,253
Profit before income tax					10,742
Income tax expense					(952)
Profit after tax from continuing operations					9,790
Profit from discontinued operations		1,961			1,961
Profit for the year					11,751
Other information					
Capital expenditure:					
Property, plant and equipment	443	–	–	140	583
Depreciation expense of continuing operations	401	–	94	19	514
Assets					
Segment assets	109,980	–	26,190	119,533	255,703
Assets of discontinued operations	–	30	–	–	30
Total assets					255,733
Liabilities					
Segment liabilities	19,272	–	2,608	755	22,635
Liabilities of discontinued operations	–	329	–	–	329
Income tax payable					1,232
Deferred tax liability					304
Total liabilities					24,500

33 SEGMENT INFORMATION (Cont'd)

Geographical information

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

The following table provides an analysis of:

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

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

	Revenue		Capital expenditure		Non-current assets	
	2010	2009	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Based on location of customer:						
People's Republic of China (including Hong Kong)	393,077	421,546	217	402	14,656	14,678
Others	16,222	17,401	87	181	1,652	1,689
	409,299	438,947	304	583	16,308	16,367

Revenue from discontinued operations in 2009 is all derived in the People's Republic of China (Note 30).

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

Information about major customers

Included in revenues of S$406,942,000 (2009 : S$435,336,000) arising from the Distribution segment are revenues of approximately S$50,876,000 (2009 : S$112,321,000) which arose from sales to the Group's largest customer.

34 CONTINGENT LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Potential property tax	–	632	–	–
Guarantees given to banks in respect of bank facilities utilised by the Group	–	–	17,282	–

35 OPERATING LEASE ARRANGEMENTS

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

	Group		Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Within 1 year	1,467	1,283	84	42
In the second to fifth years inclusive	1,012	858	35	–
	2,479	2,141	119	42

Operating lease expense during the year amounted to S$2,048,000 (2009 : S$2,012,000) which included amounts offset against the corresponding rental income for certain premises.

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

	Group	
	2010	2009
	S$'000	S$'000
Within 1 year	337	963
In the second to fifth years inclusive	16	429
	353	1,392

Property rental income earned during the year was S$1,108,000 (2009 : S$1,339,000), which included an amount of S$532,000 (2009 : S$544,000) which was offset by the corresponding rental and other expenses for certain premises and included in other operating income.

Shareholders' Information

AS AT MARCH 21, 2011

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	543	6.70	108,049	0.00
1,000 - 10,000	4,315	53.24	16,990,474	0.65
10,001 - 1,000,000	3,157	38.96	334,391,257	12.80
1,000,001 and above	89	1.10	2,260,923,888	86.55
Total	**8,104**	**100.00**	**2,612,413,668**	**100.00**

SUBSTANTIAL SHAREHOLDERS

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

Notes:

(1) Held through Thakral Investments Limited, TPL Investments Pte Ltd, Preview Investments Limited and Prime Trade Enterprises Limited.
(2) Held through Thakral Investments Limited, Preview Investments Limited and Prime Trade Enterprises Limited.
(3) Held through Preview Investments Limited and Prime Trade Enterprises Limited.
(4) Held through Prime Trade Enterprises Limited.
(5) Held through Venture Delta Limited and Grace Star Services Ltd.

Shareholders' Information

AS AT MARCH 21, 2011

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	499,769,356	19.13
2.	Prime Trade Enterprises Limited	449,525,576	17.21
3.	Venture Delta Limited	317,737,352	12.16
4.	United Overseas Bank Nominees Pte Ltd	198,970,314	7.62
5.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	87,233,645	3.34
6.	CIMB Securities (Singapore) Pte Ltd	84,656,000	3.24
7.	Kanwaljeet Singh Dhillon	80,660,000	3.09
8.	DB Nominees (S) Pte Ltd	65,861,657	2.52
9.	Thakral Investments Limited	62,805,656	2.40
10.	Raffles Nominees (Pte) Ltd	59,827,866	2.29
11.	Asia Richer Investment Services Limited	41,895,000	1.60
12.	DBS Nominees Pte Ltd	30,370,297	1.16
13.	OCBC Securities Private Ltd	26,470,200	1.01
14.	Lim Chye Huat @ Bobby Lim Chye Huat	21,000,000	0.80
15.	Phillip Securities Pte Ltd	16,191,033	0.62
16.	Atma Singh s/o Lal Singh	12,133,000	0.46
17.	UOB Kay Hian Pte Ltd	9,835,416	0.38
18.	OCBC Nominees Singapore Pte Ltd	9,598,914	0.37
19.	Kim Eng Securities Pte. Ltd.	9,317,000	0.36
20.	Bulkships Asia Pte Ltd	8,000,000	0.31
Total		**2,091,858,282**	**80.07**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 21, 2011, approximately 54.75% of the issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Company did not hold any treasury shares as at March 21, 2011.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Friday, 29 April 2011 at 3.00 p.m. at Phoenix Ballroom II, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Director retiring pursuant to Article 94(4) of the Company's Articles of Association:-

   Mr. Jasvinder Singh Thakral **(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. 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 3)**

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

   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.

4. To approve the payment of Directors' fees of S$423,500 for the year ending 31 December 2011, to be paid quarterly in arrears. (31 December 2010: S$435,000) **(Resolution 5)**

5. To approve an ex-gratia payment totalling S$100,000 to the Independent Directors, namely Mr. Natarajan Subramaniam, Mr. Lee Ying Cheun and Mr. Pratap Chinnan Nambiar for their participation in the acquisition and/or disposal of the shares in Gateway Distriparks Limited. **(Resolution 6)**

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

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

8. **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)**

9. To transact any other business as may properly be transacted at an Annual General Meeting.

By Order of the Board

Tan Ping Ping
Company Secretary
Singapore
Date: 13 April 2011

Explanatory Notes

(i) The effect of the Ordinary Resolutions 3 and 4 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 8 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.

Notes

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

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

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THAKRAL CORPORATION LTD

(Company Registration No. 199306606E)
(Incorporated in the Republic of Singapore with limited liability)

IMPORTANT:

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

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________ (Name), NRIC/Passport No. ____________________

of ____

____ (Address)

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

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

*and/or

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 April 2011 at 3.00 p.m. at Phoenix Ballroom II, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2010		
2	Re-election of Mr. Jasvinder Singh Thakral as a Director		
3	Re-appointment of Mr. Kartar Singh Thakral as a Director		
4	Re-appointment of Mr. Natarajan Subramaniam as a Director		
5	Approval of Directors' fees amounting to S$423,500 for the year ending 31 December 2011, to be paid quarterly in arrears		
6	To approve an ex-gratia payment totalling S$100,000 to the Independent Directors		
7	Re-appointment of Deloitte & Touche LLP as Auditors		
8	Authority to allot and issue shares		

Dated this ______ day of ______________ 2011

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

____

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

***Delete where inapplicable**

Notes :

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

General:

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

1st fold here

PROXY FORM

Affix
Postage
Stamp

The Company Secretary

THAKRAL CORPORATION LTD
20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416

2nd fold here

3rd fold here and seal

Group Offices

SINGAPORE

THAKRAL CORPORATION LTD
20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416

Tel (65) 63368966
Fax (65) 63367225
www.thakralcorp.com

AUSTRALIA OFFICE
2/4 Tahara Road
Toorak, Victoria 3142
Australia

Tel (61-3) 98271145
Fax (61-3) 98279180

HONG KONG

THAKRAL CORPORATION (HK) LIMITED
Suites 303-305
3/F Inter-continental Plaza
94 Granville Road
TST East, Kowloon
Hong Kong

Tel (852) 27227752
Fax (852) 27245039
(852) 27394336

JAPAN

THAKRAL BROTHERS LIMITED
Thakral Building
No. 4-1, 2-Chome
Minamihonmachi Chuo-ku
Osaka 541-0054, Japan

Tel (81-6) 62646226
Fax (81-6) 62660290

CHINA

THAKRAL CHINA LTD

SHANGHAI OFFICE
Suite 310-315
Huana Hotel Office Tower
1733 Lianhua Road
Shanghai 201103, PRC

Tel (86-21) 61917722
Fax (86-21) 61917711

BEIJING OFFICE
A912-913
Horizon International Tower
No. 6, Zhi Chun Road
Hai Dian District
Beijing 100088, PRC

Tel (86-10) 82800501
Fax (86-10) 82800502

CHINA (CONT'D)

GUANGZHOU OFFICE
Room 906-907, Dongshan Plaza
No. 69, Xian Lie Road Central
Guangzhou 510095, PRC

Tel (86-20) 87321188
Fax (86-20) 87321608

CHENGDU OFFICE
Room 2E, 11th Floor
Tower A, Hua Xi Mei Lu
No. 17, Section 3,
Renmingnan Road
Chengdu 610041, PRC

Tel (86-28) 85440647
Fax (86-28) 85441378

WUJIANG DAFA REAL ESTATE DEVELOPMENT CO LTD
2nd Floor, C2/Building 15
No. 2351 Jiao Tong South Road
215200 Wujiang, PRC

Tel (86-512) 63483700
Fax (86-512) 63486715

THAKRAL
CORPORATION LTD
Co. Reg. No. 199306606E

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416
Tel (65) 6336 8966
Fax (65) 6336 7225
www.thakralcorp.com