

Interested Person Transaction::INTERESTED PERSON TRANSACTION - JOINT VENTURE IN THAKRAL JAPAN PROPERTIES PTE. LTD.

Issuer & Securities

Issuer/ Manager	THAKRAL CORPORATION LTD
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Announcement Details

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Additional Details

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Attachments	ThakralCorp Annmt IPT 20141125.pdf Total size =23K

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THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)
(Company Registration No. 199306606E)

ANNOUNCEMENT

INTERESTED PERSON TRANSACTION – JOINT VENTURE IN THAKRAL JAPAN PROPERTIES PTE. LTD.

1. INTRODUCTION

The Board of Directors of Thakral Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) had on 4 November 2014 issued a press release stating that it had invested in two office buildings in Osaka, Japan, and that the investment will be made via Thakral Japan Properties Pte. Ltd. (“**TJP**”) together with other investors.

TJP is an indirect subsidiary of the Company and is acting as a joint venture investment vehicle (the “**Joint Venture**”) through which the Group and the investors will invest in the structures established in Japan (“**TK-GK Japan**”) for the acquisition of these properties. The sole business (the “**Business**”) of TK-GK Japan is the acquisition, ownership and management of the Dai-ichi Jyuken Yotsubashi Building and Yotsubashi Nakano Building, two office buildings in Osaka, Japan.

TJP has on 25 November 2015 allotted and issued a total of 13,322,186 new ordinary shares (the “**TJP Shares**”) at S\$1.00 per share (the “**Issue Price**”) for a total issue price of S\$13,322,186. The Group was issued 6,646,625 TJP Shares at the Issue Price for a total issue price of S\$6,646,625 and the other investors were issued 6,675,561 TJP Shares at the Issue Price for a total issue price of S\$6,675,561. The entire proceeds from the issue of the TJP Shares of S\$13,322,186 (the “**Proceeds**”) have been invested in the Business.

As a consequence of the issue of the TJP Shares, the interest of the Group in TJP has been diluted from 100% to 49.9%, and TJP has ceased to be a subsidiary of the Company but remains as its associated company. Please refer to the announcement titled “Dilution of Interest in Thakral Japan Properties Pte. Ltd.” which is being made later today for further details.

One of the investors includes the RST & HKP Superannuation Fund (the “**Fund**”). The trustees of the Fund are Mr. Rikhipal Singh Thakral (“**Mr. Rikhi**”) and Mrs. Harminder Kaur Pasricha (“**Mrs. Pasricha**”). Mr. Rikhi is the son and brother of the Company’s Directors, Mr. Kartar Singh Thakral and Mr. Inderbethal Singh Thakral respectively. Mrs. Pasricha is the spouse of another of the Company’s Director, Mr. Jaginder Singh Pasricha. Mr. Rikhi and Mrs. Pasricha are therefore “interested persons” within the definition set out in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing**”).

Manual”). TJP, being an associated company of the Company, is regarded as an “entity at risk” within the definition set out in Chapter 9 of the Listing Manual. Accordingly, the Joint Venture is regarded as an interested person transaction and the requirements under Chapter 9 of the Listing Manual are applicable.

Under Rule 909(2) of the Listing Manual, in the case of a joint venture, the value of the transaction includes the equity participation, shareholders’ loans and guarantees given by the entity at risk. The amount of the Group’s equity participation in TJP represents approximately 6.5% of the Group’s audited net tangible assets (“**NTA**”) as at 31 December 2013.

2. RATIONALE FOR THE JOINT VENTURE

The Directors of the Company believe that the Joint Venture is part of the plan to diversify the Group’s investment portfolio and to include selected Japanese real estate projects, which will ultimately lead to the enhancement of shareholder value.

3. DETAILS OF THE JOINT VENTURE AND BUSINESS

The terms of the Joint Venture and Business were arrived at on normal commercial terms, and taking into account the future performance of the Business.

The salient terms of the Joint Venture and Business include the following:

- (a) TK-GK Japan shall use the Proceeds to conduct the Business and distribute the net proceeds of the Business either in the form of profit distribution or capital to TJP arising from the Business;
- (b) the risks and rewards of all the investors in TJP will be proportionate to their investment and no single investor or group of investors will be preferred over the rest; and
- (c) save for the Business, TK-GK Japan shall not be involved in any other businesses.

4. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

The current total value of all interested person transactions, excluding transactions which are less than S\$100,000 with (i) the Thakral Family Companies⁽¹⁾ and their associates; (ii) Mrs. Pasricha and (iii) all interested persons of the Company, for the period from 1 January 2014 to the date of this Announcement and the percentage of the Group’s audited NTA as at 31 December 2013 represented by such values, are as follows:

	Before the Joint Venture		Including the Joint Venture	
	Amount (S\$'000)	Percentage of audited NTA of the Group (%)	Amount (S\$'000)	Percentage of audited NTA of the Group (%)
Total value of all transactions with the Thakral Family Companies and their associates	11,735	11.4	14,207	13.8
- Value of transactions pursuant to the shareholders' general mandate for interested person transactions renewed on 24 April 2014 (" IPT Mandate ")	11,109 ⁽²⁾	10.8	11,109	10.8
- Value of transactions not covered under the IPT Mandate	626 ⁽³⁾	0.6	3,098 ⁽⁴⁾	3.0
Total value of all transactions with Mrs. Pasricha	-	-	2,472 ⁽⁴⁾	2.4
Total value of all transactions with all interested persons of the Company	12,880	12.5	15,352 ⁽⁴⁾	14.9

Notes:-

- (1) "Thakral Family Companies" includes any company which is deemed as an associated company of any Thakral Family Director⁽⁵⁾ within the definition set out in the Listing Manual.
- (2) Comprises purchases and sales with the Thakral Family Companies, net of returns.
- (3) Comprises payment of profit share for purchasing services and operating lease charges paid/payable to the Thakral Family Companies.

(4) Note that the transaction amount of S\$2,472,000 with each of (i) the Thakral Family Companies and their associates; and (ii) Mrs. Pasricha relates to the same transaction, namely, the Joint Venture.

(5) "Thakral Family Director" means Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral and/or Mr. Bikramjit Singh Thakral.

5. EXCEPTIONS TO THE REQUIREMENT FOR SHAREHOLDERS' APPROVAL AND STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 916(2) of the Listing Manual, shareholders' approval is not required for an investment in a joint venture with an interested person if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture

The Audit Committee of the Company has reviewed the terms of the Joint Venture and is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of the issuer and its minority shareholders. Neither Mr. Rikhi nor Mrs. Pasricha had an existing equity interest in TJP prior to the Group entering into the Joint Venture.

Therefore, although the value of the Joint Venture to the Company is more than 5% of the latest audited NTA of the Group, the Joint Venture has met the exception under Rule 916(2) of the Listing Manual. Accordingly, the Company is exempted from the requirement of seeking shareholders' approval for the Joint Venture.

6. FINANCIAL EFFECTS OF THE JOINT VENTURE

The Joint Venture is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2014.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, none of the other Directors or substantial or controlling shareholders of the Company has any interest, direct or indirect, in the Joint Venture.

On behalf of the Board

Natarajan Subramaniam
Independent Non-Executive Chairman

Singapore, 25 November 2015