THAKRAL
CORPORATION LTD

2019 ANNUAL REPORT

A BRIGHTER AND SUSTAINABLE FUTURE

VALUE FOR SHAREHOLDERS

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CORPORATE **PROFILE**

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Investment Division and Lifestyle Division.

The Group's Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from originating, packaging and managing the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. The Group has expanded its portfolio to include properties in Japan and Singapore in recent years. Its Japanese investment portfolio has grown significantly since establishment about five years ago and now comprises seven commercial buildings and three business hotels.

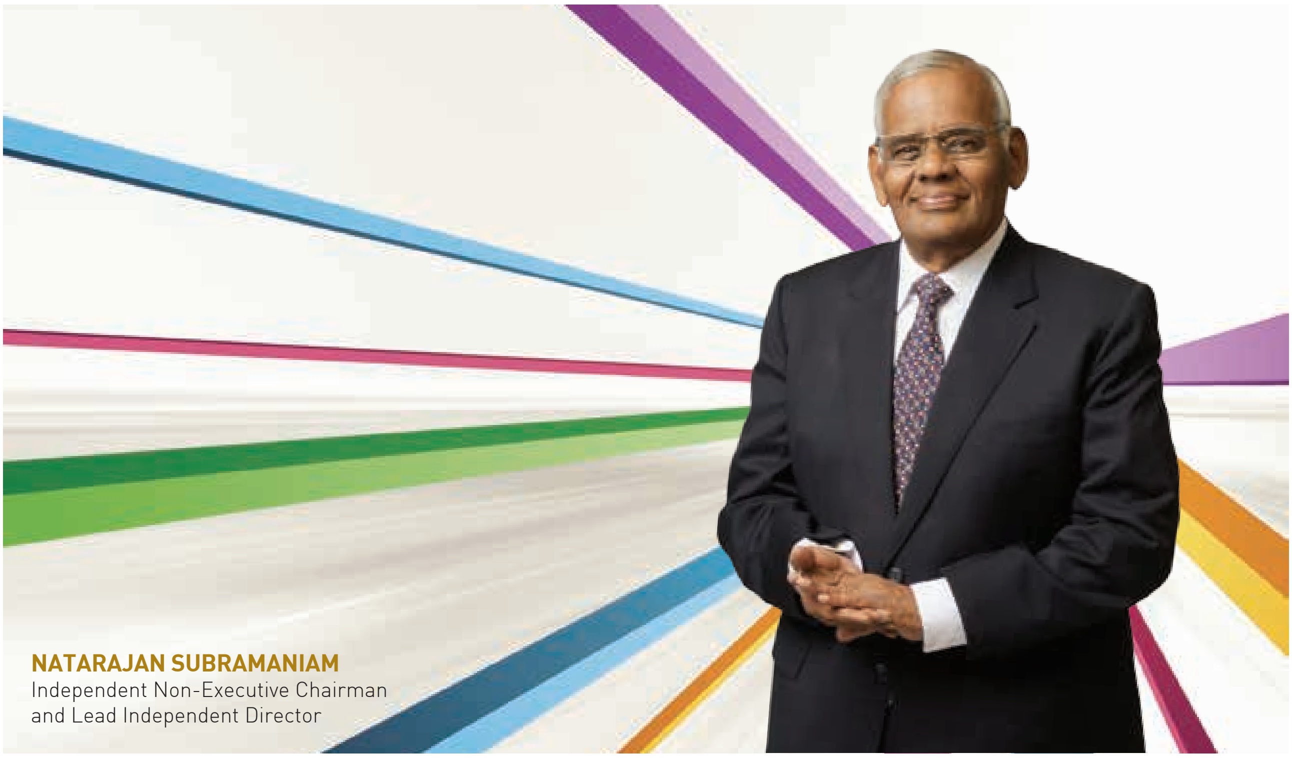
The Investment Division is now the Group's largest component in terms of net assets as well as profitability.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading e-commerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty and wellness device brands Panasonic, DermaWand, Philips, T3 and Slendertone, skin and hair care brand John Masters Organics, fragrance brands Maison Margiela, Ralph Lauren, Diesel and Cacharel as well as lifestyle brands such as DJI. The Lifestyle Division also operates an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

Greater China including Hong Kong, Southeast Asia and India are key markets for the Lifestyle Division and Australia, Japan and Singapore for the Investment Division.

GEMLIFE WOODEND

CHAIRMAN'S **STATEMENT**



NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman and Lead Independent Director

DEAR SHAREHOLDERS,

BUILDING A BRIGHTER AND SUSTAINABLE FUTURE, IMPROVING VALUE FOR SHAREHOLDERS

I am pleased to report that the Group continued to deliver steady net profits of S$20 million for the financial year ended 31 December 2019 ("FY2019") with significant contributions from the Australian and Japanese businesses.

Dividends totalling 4 cents were paid in FY2019, resulting in a dividend yield of 8.2% based on the Company's FY2019 closing share price of S$0.49, outperforming the average dividend yield of 7.1% of the five highest-yielding REITs and business trusts in FY2019[1]. We will endeavour to continue with the policy of paying dividends twice a year.

With a strong team, we are well-positioned to move the Group forward to deliver sustainable long-term value to our shareholders.

The strengthened presence in our key markets has given us positive and sustainable returns where we have created two niche brands:

- Thakral Capital or TCAP is a well-respected name in the Australian market for being a finance partner with real estate developers and sourcing of funds for their development projects. Since inception, our team has been involved in developments of over A$4.3 billion. We continue to be actively looking for new opportunities in this area.

- GemLife – With the Puljich family (which has been in the development of resort style retirement homes for over thirty years) as our partner, GemLife has established itself as a leading brand name in Australia. Presently there are some 1,900 homes either already built or in the pipeline over several locations and we are about to push this to the next level by acquiring new sites and doubling the number of homes in six to eight years.

The Australian economy and real estate market are starting to see a turnaround and we can expect this market to provide us with growth opportunities both in the medium and long term.

In Osaka, Japan – another strong growing market especially in the real estate sector, we have positioned ourselves with a current portfolio of ten properties comprising seven commercial buildings and three hotels to have stable and regular income.

As part of our strategy to realise profits on mature non-core properties, we sold our office building in Osaka in 2019 – giving us a S$3.5 million gain, and in March 2020 sold the

1 *Singapore Business Review, "Five highest-yielding stocks hit average dividend yield of 7.1%", 30 August 2019 https://sbr.com.sg/stocks/news/five-highest-yielding-stocks-hit-average-dividend-yield-71*

Nambanaka Thakral Building located in the heart of Osaka's retail district, registering a profit of about S$6.1 million compared to the acquisition and redevelopment cost. As a result of annual revaluation, the reportable net profit will be about S$0.3 million over book value. Proceeds of sale will be utilised to pare down loans. Renovation works of certain of the other properties in Osaka are being carried out which on completion will command higher rentals on lease renewals.

Australia, the principal contributor to our Investment Division's performance, has made satisfactory progress with ongoing sales and settlements of projects. In 2020, the GemLife joint venture will be adding a few more sites to its current eight. Overall, sales are slightly ahead of projections and this should continue as the infrastructure at the sites get completed and buyers are able to view completed homes.

We will continue to actively review potential projects in residential and other market segments in Australia.

Our Investment Division will remain the primary source of profits of the Group's future earnings from both of its key markets – Japan and Australia.

It will be some time before our Lifestyle Division is able to return to profitability. However, major strategic action has been taken to improve its performance. In order to achieve maximum results, there will be greater focus on brands with better sales and margins resulting in inventory reduction and related holding costs. We have also trimmed our expenses incurred by the division and considerably strengthened its existing well-established relationships with key channel partners such as Alibaba, Tmall, JD and Sephora. The Group will concentrate on its basic product lines – fragrances, at-home beauty devices, wellness and lifestyle products. Discussions are on-going to increase the brands for fragrances and at-home beauty devices.

The Board is encouraged by the Lifestyle Division's initiatives to augment its performance and the new focus should result in positive returns in the longer term.

SOUND FINANCIAL POSITION

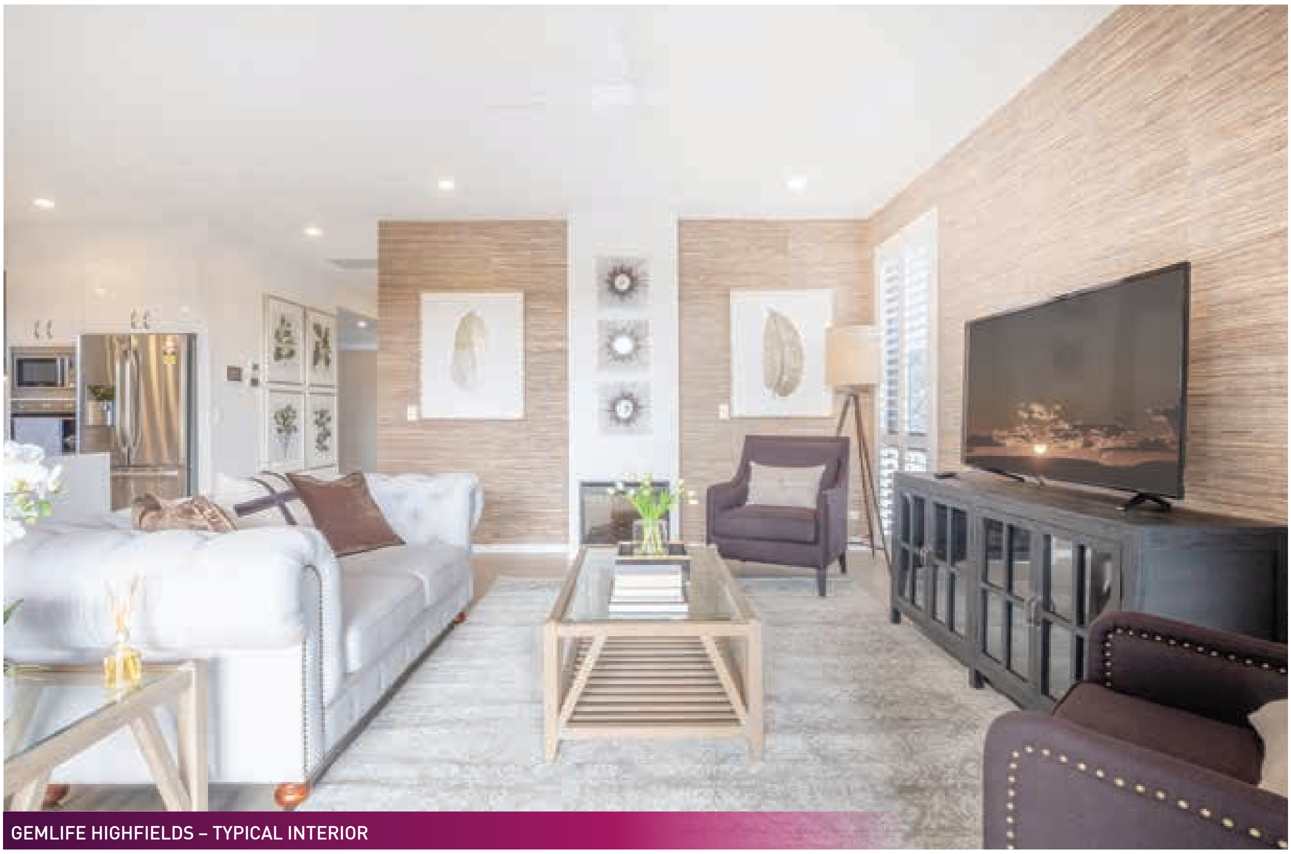
The Group's cash balances eased marginally to S$10.8 million from S$11.5 million as at 31 December 2019.

Net asset value per share as of 31 December 2019 had risen to 103.37 cents compared to 100.98 cents as at 31 December 2018.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The Group's sustainability and corporate social responsibility goals continue to focus on value creation for our shareholders, employees, customers, suppliers, partners and other key stakeholders. Good corporate governance, upholding of health and safety standards, mitigation of environmental impact, efficient resource utilisation as well as community care and engagement remain the key tenets of the Group's social and community commitments.

In the past year, we continued working closely with the community to make a positive impact.



GEMLIFE HIGHFIELDS – TYPICAL INTERIOR

CHAIRMAN'S STATEMENT

DONATION TO XIAO MAN BIE WAN QUAN PRIMARY SCHOOL

In China, the Group through collaboration with Teng Chong Red Cross Society, provided a donation to Xiao Man Bie Wan Quan Primary School and Qingshui Liang Ying Wan Primary School in Teng Chong City, Yunnan Province, China. The donation for Xiao Man Bie Wan Quan Primary School was towards the school's roof reconstruction, refurbishment of the floor, kitchen and canteen and upgrading of sport facility/equipment to be completed in stages, as well as providing school uniforms, bags, beddings and computers. Upon completion of the reconstruction and refurbishments in 3 stages, the school will be renamed as Xiao Man Bie Caritas Thakral Hope Primary School (小曼别博爱德加拉希望小学). This effort will bring a safe studying environment for around 100 students in the school. The donation for Qingshui Liang Ying Wan Primary School was in the form of bursary granted to 11 needy students.

In Singapore, other than the donations to charitable organisations made from time to time, a donation was also made to Asian Women's Welfare Association ("AWWA") towards the building of a second AWWA School for students with autism. The school, when operational in 2021, will benefit up to 300 students aged between 7 to 18 years. AWWA is a local non-profit organisation that provides community-based programmes and services to people of all ages. The Group is also proud to be one of the key sponsors of the North East Growth Fund (Milk & Diaper), introduced to help needy families residing in Singapore's North East district to defray the cost of raising young children. The Group's contribution supports 250 children per year in Singapore for 3 years with the purchase of formula milk for needy families with children aged 3 years and below.

Our Investment Division in Australia continues to encourage its partners to meet all applicable green standards, obtain energy efficiency and green ratings wherever possible and to deliver designs and use eco-friendly materials to minimise the environmental impact on the community where the developments are located. Our GemLife resort-style retirement homes are designed to offer residents high quality liveable units that are both attractive and environmentally-friendly. Every GemLife home and clubhouse is fitted with solar panels designed to power the entire site.

Similarly, energy efficient air-conditioning and lighting was also installed during renovation of certain properties in Japan during the year. This will be an ongoing effort undertaken as circumstances permit.

We look forward to sharing further details of the Group's sustainability efforts in our upcoming sustainability report for FY2019.

GOING FORWARD

The Group remains resilient amid challenging market conditions. Our innovative strategies have enabled us to seize opportunities to broaden our income streams and achieve sustainable returns.

The current year will be impacted by the effects of the Covid-19 contagion which has not only badly hit China but had also spread globally. The virus outbreak will therefore, weigh on all our key markets.

To mitigate potential disruption to our businesses, the Group focused efforts to reduce business costs and improve cashflow. The Chinese government has offered support including a 2 months rent-free period for our offices, along with other incentives. The Group has also launched precautionary measures to safeguard the health and well-being of our employees and ensure business continuity. Employees in our China office were given an extra eight days of leave, flexible hours to minimise travelling during peak hours and even carpooling to avoid taking crowded public transport. Work from home and flexi-work arrangements are in place for offices located in several other countries to minimise travel, including during peak hours.

While the overall Australian market is seeing a steady demand for housing, this is driven by lower interest and more favourable lending and currency rates. The Group will continue to monitor closely the effects and adjust our strategy accordingly while simultaneously working towards retaining a steady cash flow.

GemLife, which has established itself as one of the leading players in the resort-style retirement living segment in Australia, will continue to acquire new sites to grow our overall pipeline of 4,000 homes within the next eight to ten years.

The Group will maintain its current investment strategy in Japan. In addition to improving our rental income in our office portfolio and to divest some of our non-core hotel properties, we believe proceeds from the divestment of assets can be used to pare down debt, fund new opportunities and finance asset enhancement initiatives.

The Japanese tourism industry and economy will be reporting slow growth as a result of the Covid-19 outbreak which is likely to be followed by a reduction in rental income which, however, should not materially affect the Group's overall results for FY2020.

Given the prevailing global and regional uncertainties, the Group is cautiously optimistic about its outlook in FY2020.

Going forward, in view of the recent SGX amendments to quarterly reporting rules for listed companies, the Group shall be reporting results on a half-yearly basis from the current year.

ACKNOWLEDGEMENTS

The Board wishes to thank all customers, suppliers, employees, bankers, business partners and shareholders for your continuing support for the Group. We also wish all to stay safe and in good health in the current Covid-19 pandemic.

With our experienced management team and appropriate growth strategies in place, we will strive hard to deliver positive and sustainable returns to our shareholders over the long-term.

N. Subramaniam

NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman and
Lead Independent Director

MESSAGE FROM CHIEF EXECUTIVE OFFICER

SEIZING OPPORTUNITIES FOR GROWTH

I am pleased to report significant contributions from our investments in Australia and Japan in FY2019. The Group's Lifestyle Division navigated relatively successfully through the on-going US-China trade disputes and also effectively managed a significant reduction in scope to distribute a key brand in China in 2019. Despite these hurdles, the Group was able to maintain profitability of S$20 million for FY2019, not far behind its profits reported in FY2018. This is a reflection of the Group's organisational flexibility as well as its strong and resilient business model.

Our business model places emphasis on net profit and IRR returns to enable delivery of sustainable long-term value to our shareholders and rewarding of our shareholders by way of consistent dividends. Our focus is not only on ensuring profits in the short term but also to manage an investment portfolio that generates sustainable profits.

OUR CORE BUSINESSES

Our Investment Division represents the Group's largest component in terms of net assets. It registered positive segment results of S$37.5 million for FY2019. Revenue softened by 16.8% due to the timing of the completion of projects as well a shift in the investment portfolio mix to one that would give us durable long-term earnings.

AUSTRALIA

In the year under review, the Group focused on growing its GemLife retirement resorts business to cater to the increasing demand from the country's rising elderly population as well as targeting the over 50s looking for a change in lifestyle. GemLife earns income not only from the sale of homes but also receives recurring income from site management fees.

GemLife's *Bribie Island, Woodend* and *Highfields* resorts did well with 290 houses sold and occupied. Construction of stage 4 at *Bribie Island* is running on schedule. Construction of stages 3 and 4 at *Woodend* is also progressing well. Newly acquired projects, *Maroochy Quays* and *Pacific Paradise* have commenced construction and have seen promising sales.

GemLife currently has eight resorts with more than 1,900 homes in various stages of development across the eastern seaboard. There is also a pipeline of eight to nine more sites, which may add 1,600 homes to the pipeline.

Aside from GemLife, the Group also made headway for its other projects in Australia. The *Parkridge Noosa* project saw sales progressing well. With stage 1 fully settled, it is proceeding to completion and settlements for stage 2. Stage 3 is scheduled to commence later in 2020.

The construction of the *Oxford Residences* project in Sydney's Bondi Junction is expected to be completed by 4QFY2020.

A number of Gladstone houses no longer under lease were also sold during 4QFY2019.

PARKRIDGE NOOSA

JAPAN

Our Japanese investments also delivered solid performance in FY2019.

The yield from the Group's properties in Japan remained strong with the tight rental market and additional supply not expected until 2022. The pre-leasing activity has been robust, keeping vacancy rates low while boosting rental values.

The Group invested in the Umeda Pacific Building in 4QFY2019. This is a prime property that also offers a long-term redevelopment opportunity. Renovations are ongoing at various properties in Osaka with the aim of achieving higher rentals on lease renewals.

As part of our strategy to realise profits on mature non-core properties, we sold our office building in Osaka in 2019 – giving us a S$3.5 million gain. The retail property which we had acquired in March 2018 and redeveloped to the specifications and needs of the long-term tenant was also sold in March 2020, achieving a profit of about S$6.1 million based on our cost of the redeveloped property.

Our current portfolio in Japan comprises seven commercial buildings and three hotels. Our hotel properties are somewhat vulnerable during these uncertain times; however, the fixed long-term leases and three to six months' deposits in hand for all three properties offer a buffer from a significant fallout resulting from the global Covid-19 outbreak. Furthermore, for one of our hotel properties we have been studying if there is a potential for increased value should we convert it to an office building.

Going forward, we will continue to study options to maximise value from our investment properties in Japan to generate sustainable value for shareholders. As part of this strategy, we will also look to divest some of our properties at the opportune time and reinvest in other attractive deals, enhance portfolio quality, improve overall returns as well as manage cash flow.

SINGAPORE

Our commercial property at The Riverwalk, a prime property intended for long term investment, continues to provide a stable recurring income stream for the Group.

CHINA AND HONG KONG

The Group's Lifestyle Division had commendably managed the impact of a significant reduction in scope of distributing a key brand in China. The team continued to make progress in developing other brands, while growing our relationships with our key channel partners such as Alibaba, Tmall, JD and Sephora, which serve as strong platforms for these brands.

Maison Margiela, one of the fragrance brands we distribute, has become a top seller in its category in Sephora China for example. Other fragrance brands in our portfolio include Ralph Lauren, Diesel and Cacharel.

We continue to see steady sales from DJI drones and digital action cameras and strong demand for our wellness category of goods, which includes health related items such as thermometers. Our teams have also helped certain organisations to secure masks, sanitisers and other essential items during the early days of the outbreak of Covid-19 in China.

We have also undertaken several strategic initiatives to improve our performance; reducing our expenses and improving our inventory management.

Our joint venture with CurrentBody is gaining good traction and we are assessing opportunities to expand and strengthen our relationship by supporting each other's new business development.

OUTLOOK AND PROSPECTS

The Group is facing and continues to face formidable challenges in FY2020 from the impact of the recent Covid-19 outbreak resulting in slowdown of our operations. This would have a bearing across all, if not most of our sectors. However, we believe that our investments are well positioned to continue to weather these difficult times. We will actively continue to seek opportunities to strengthen the products and brands for our Lifestyle business.

Like many others, we have also experienced the need to work remotely and "expect the unexpected" including the potential shutdown of markets and in some places being completely home bound. While we are still in the midst of the crisis, we are heartened by the resilience and flexibility of our people and organisation to manage the situation. As a group we have always put our people first and for this year, we will be using part of the funds set aside for corporate social responsibility to help our people overcome these difficult times.

We will continue to scout for new investment opportunities in Australia, which is seeing a strong turnaround in its residential property market. Home prices have risen at the fastest pace in 16 years across the country, climbing 1.7% from October to November 2019.[1]

Going forward, GemLife targets to increase the number of its homes to 4,000 units over the longer term.

Our Japanese real estate investments are also expected to continue delivering stable rental yields as well as capital gains from asset revaluation.

Having broadened our income streams beyond China, and successfully diversified and expanded our investment business in Australia, Japan and Singapore, we will continue to stay prudent in managing business risks.

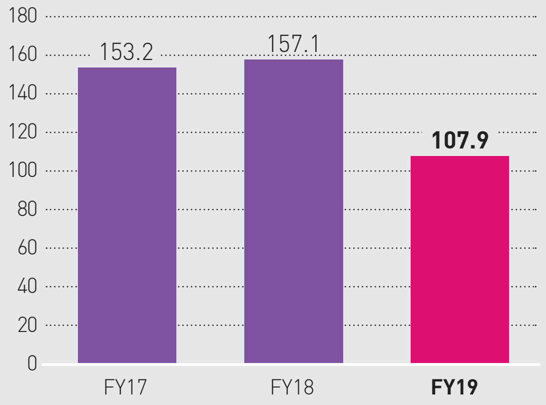
Overall, we believe that our long-term growth prospects remain sound. Our long-standing mission to drive sustainable growth while creating value for our stakeholders should position us well for the future.

INDERBETHAL SINGH THAKRAL
Chief Executive Officer

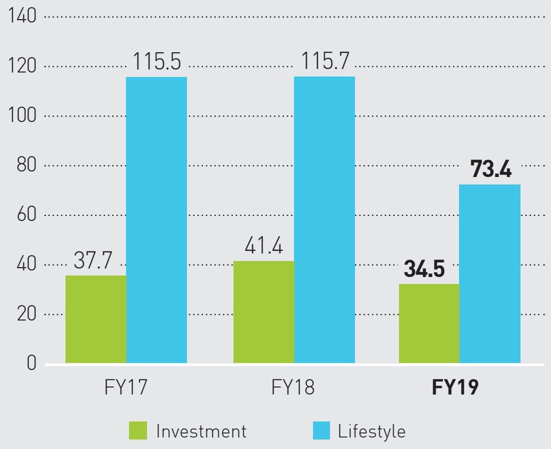
1 The Business Times, "Australian home prices jump most in 16 years, rest of economy lags", 3 December 2019 https://www.businesstimes.com.sg/real-estate/australian-home-prices-jump-most-in-16-years-rest-of-economy-lags

FINANCIAL HIGHLIGHTS

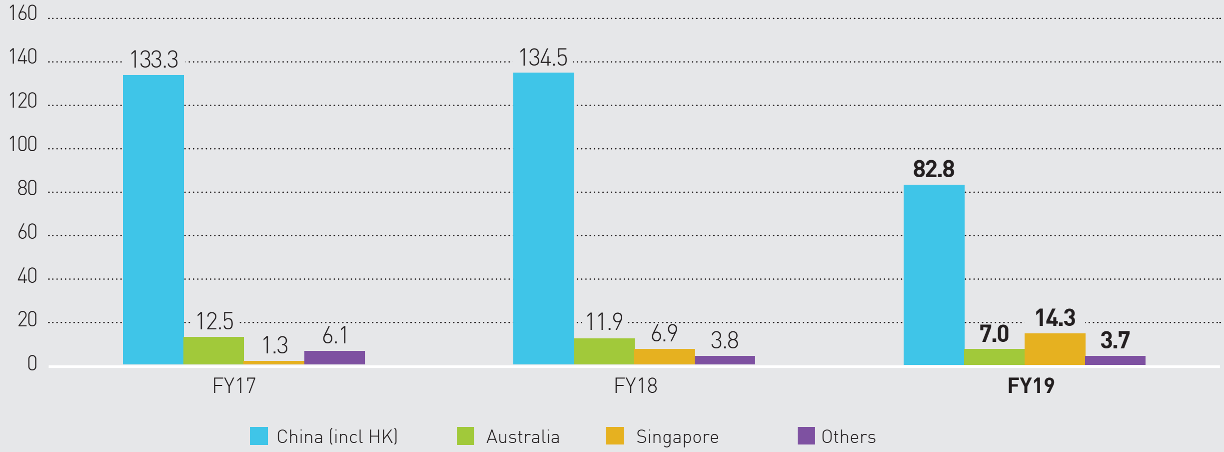
REVENUE
(S$ MILLION)



REVENUE BY SEGMENT
(S$ MILLION)

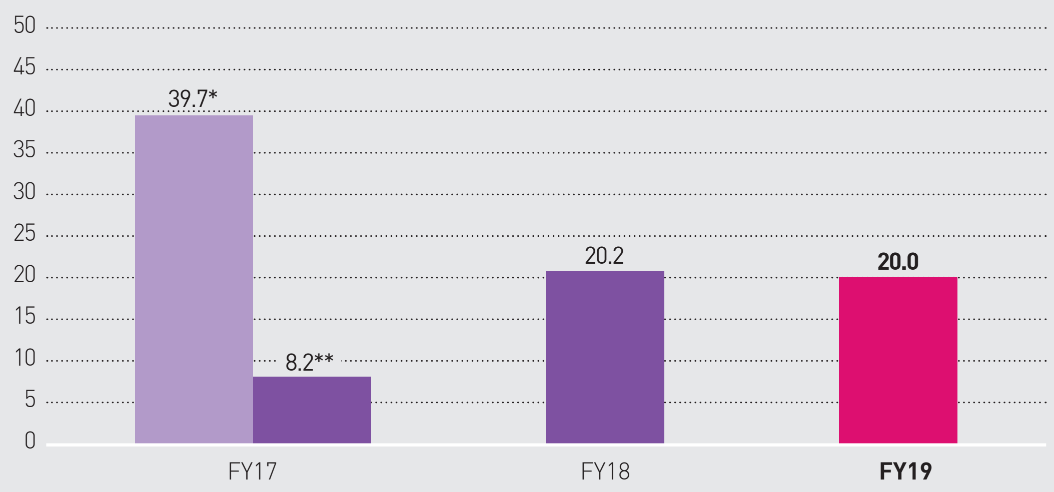


GEOGRAPHIC REVENUE
(S$ MILLION)



Note:
Based on the aggregate of the revenue from companies incorporated in those countries

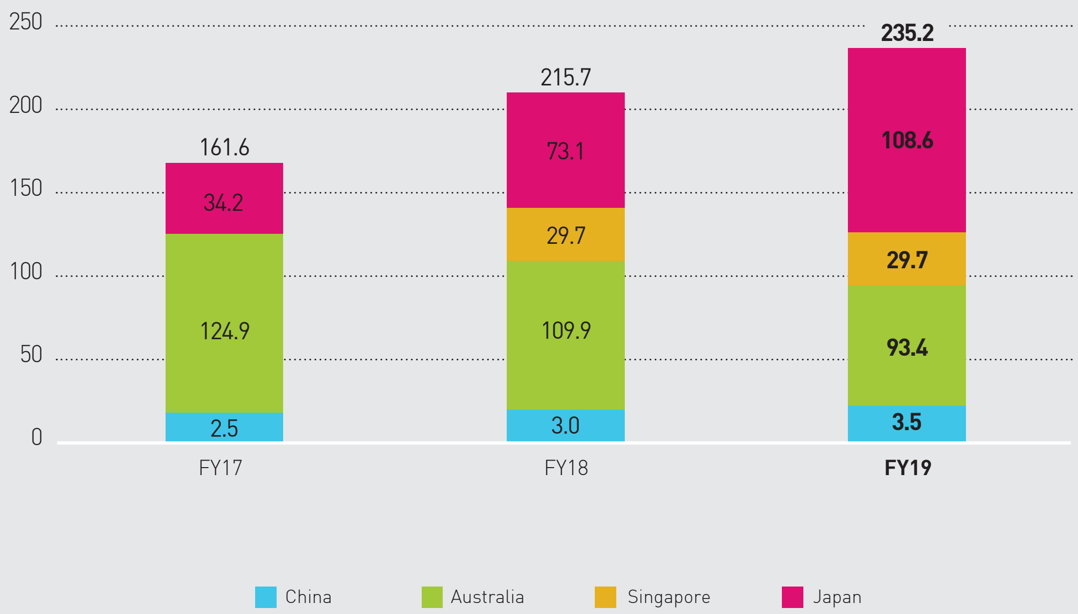
NET PROFIT
(S$ MILLION)



* Includes gain from sale of warehouse properties in Hong Kong in FY17, net of related costs

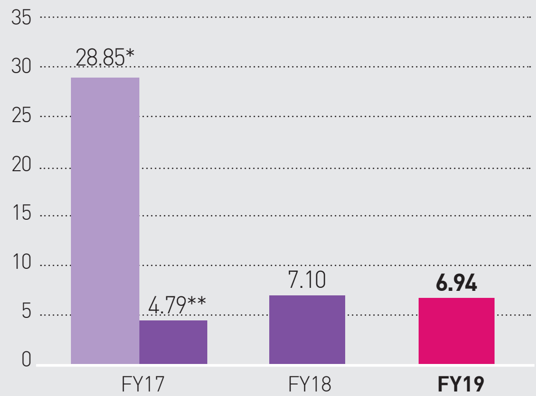
** Excludes net gain from sale of warehouse properties in Hong Kong in FY17

GEOGRAPHIC REAL ESTATE RELATED INVESTMENTS
(S$ MILLION)



FINANCIAL HIGHLIGHTS

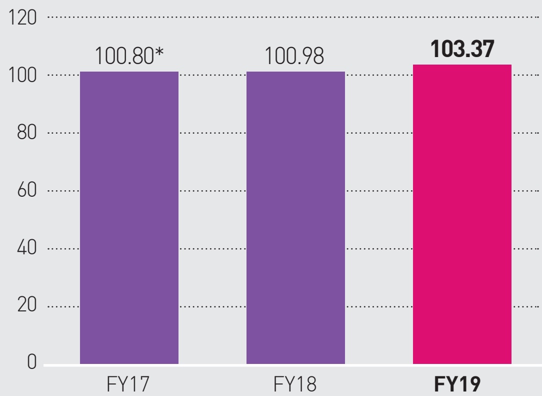
EARNINGS PER SHARE
(CENTS)



* Includes gain from sale of warehouse properties in Hong Kong in FY17, net of related costs

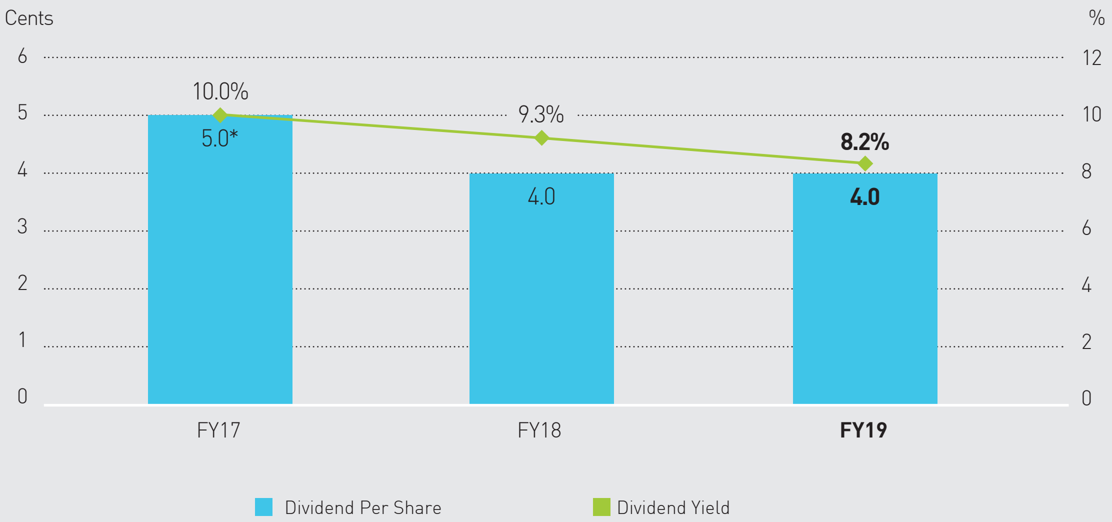
** Excludes net gain from sale of warehouse properties in Hong Kong in FY17

NET ASSET VALUE
(CENTS)



* Includes gain from sale of warehouse properties in Hong Kong in FY17

DIVIDENDS PER SHARE & DIVIDEND YIELD



* Includes special dividend of 3 cents in FY17

Note:
Dividend yield is calculated based on the Company's year end closing share price of each respective year

OUR NETWORK


JAPAN
CHINA
TAIWAN
MYANMAR
HONG KONG
INDIA
LAOS
THAILAND
VIETNAM
PHILIPPINES
CAMBODIA
SRI LANKA
MALAYSIA
SINGAPORE
INDONESIA
AUSTRALIA


CANADA

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE:
Kartar Singh Thakral

Inderbethal Singh Thakral

NON-EXECUTIVE:
Natarajan Subramaniam
(Chairman and Lead Independent Director)

Lee Ying Cheun
Independent

Dileep Nair
Independent

Bikramjit Singh Thakral

AUDIT COMMITTEE

Natarajan Subramaniam
(Chairman)

Lee Ying Cheun

Dileep Nair

NOMINATION COMMITTEE

Lee Ying Cheun
(Chairman)

Natarajan Subramaniam

Dileep Nair

Bikramjit Singh Thakral

COMPENSATION COMMITTEE

Natarajan Subramaniam
(Chairman)

Lee Ying Cheun

Dileep Nair

INVESTMENT COMMITTEE

Natarajan Subramaniam
(Chairman)

Kartar Singh Thakral

Inderbethal Singh Thakral

Bikramjit Singh Thakral

COMPANY SECRETARIES

Chan Wan Mei

Chan Lai Yin

REGISTERED OFFICE

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SHARE REGISTRAR

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30 Cecil Street
#19-08 Prudential Tower
Singapore 049712
Tel: (65) 6812 1611
Fax: (65) 6812 1601

INVESTOR RELATIONS CONSULTANCY

Stratagem Consultants Pte Ltd
10 Anson Road
#35-06B International Plaza
Singapore 079903
Tel: (65) 6227 0502
Fax: (65) 6227 5663

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

AUDIT PARTNER-IN-CHARGE

Rankin Brandt Yeo
Date of Appointment:
28 April 2017

INTERNAL AUDITOR

Ruihua Certified Public Accountants
18-19F, China Insurance Building
No. 166 Lujiazui East Road
Pudong District
Shanghai City, 200120,
China

PRINCIPAL BANKERS

Australia and New Zealand Banking Group
Australia

Bank of Communications Co., Ltd.
China

Bank of Ningbo Co., Ltd.
China

United Overseas Bank Limited
China, Hong Kong and Singapore

Westpac Banking Corporation
Australia

PRINCIPAL OFFICERS

THAKRAL CORPORATION LTD

Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Chief Executive Officer

Rikhipal Singh Thakral
Advisor to Investment Committee

Bikramjit Singh Thakral
Non-Executive Director

Anil Moolchand Daryanani
Chief Financial Officer

Torsten Stocker
Chief Operating Officer, Lifestyle Division

Vivian But (Ms)
Group Financial Controller

Patrick Lau
Asst Financial Controller (Corporate)

INVESTMENT DIVISION

THAKRAL CAPITAL HOLDINGS PTE LTD

Singapore

THAKRAL CAPITAL AUSTRALIA PTY LTD

Brisbane & Sydney, Australia

Natarajan Subramaniam
Non-Executive Chairman & Director

Inderbethal Singh Thakral
Executive Director

Kevin Charles Barry
Joint Managing Director

Greggory John Piercy
Joint Managing Director

Victor Shkolnik
Executive Director

Michael James Stubbs
Chief Financial Officer

Ashmit Singh Thakral
Finance Director, GemLife Group

THAKRAL JAPAN PROPERTIES PTE LTD/ TJP PTE LTD/ THAKRAL UMEDA PROPERTIES PTE LTD

Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Executive Director

Rikhipal Singh Thakral
Non-Executive Director

Bikramjit Singh Thakral
Non-Executive Director

THAKRAL REALTY (S) PTE LTD

Singapore

Lee Ying Cheun
Non-Executive Director

Bikramjit Singh Thakral
Non-Executive Director

LIFESTYLE DIVISION

THAKRAL BROTHERS LTD

Osaka, Japan

Kuldip Singh Thakral
Chairman

Sueko Takahashi (Ms)
General Manager & Chief Financial Officer

Deepak Mogami
Sales Manager

THAKRAL CHINA LTD/ THAKRAL BEAUTY (SHANGHAI) LTD

Shanghai, People's Republic of China (PRC)

Inderbethal Singh Thakral
Executive Director

Indergopal Singh Thakral
Managing Director

Satbir Singh Thakral
Marketing Director

Gan Liang
Senior Vice President

Chan Ley Ee (Joey) (Ms)
General Manager – Brand Portfolio

Sean Qiu
Financial Controller

THAKRAL CORPORATION (HK) LIMITED

Hong Kong

Kanwaljeet Singh Dhillon
Managing Director

SINGAPORE SOURCING & TECHNOLOGY PVT LTD

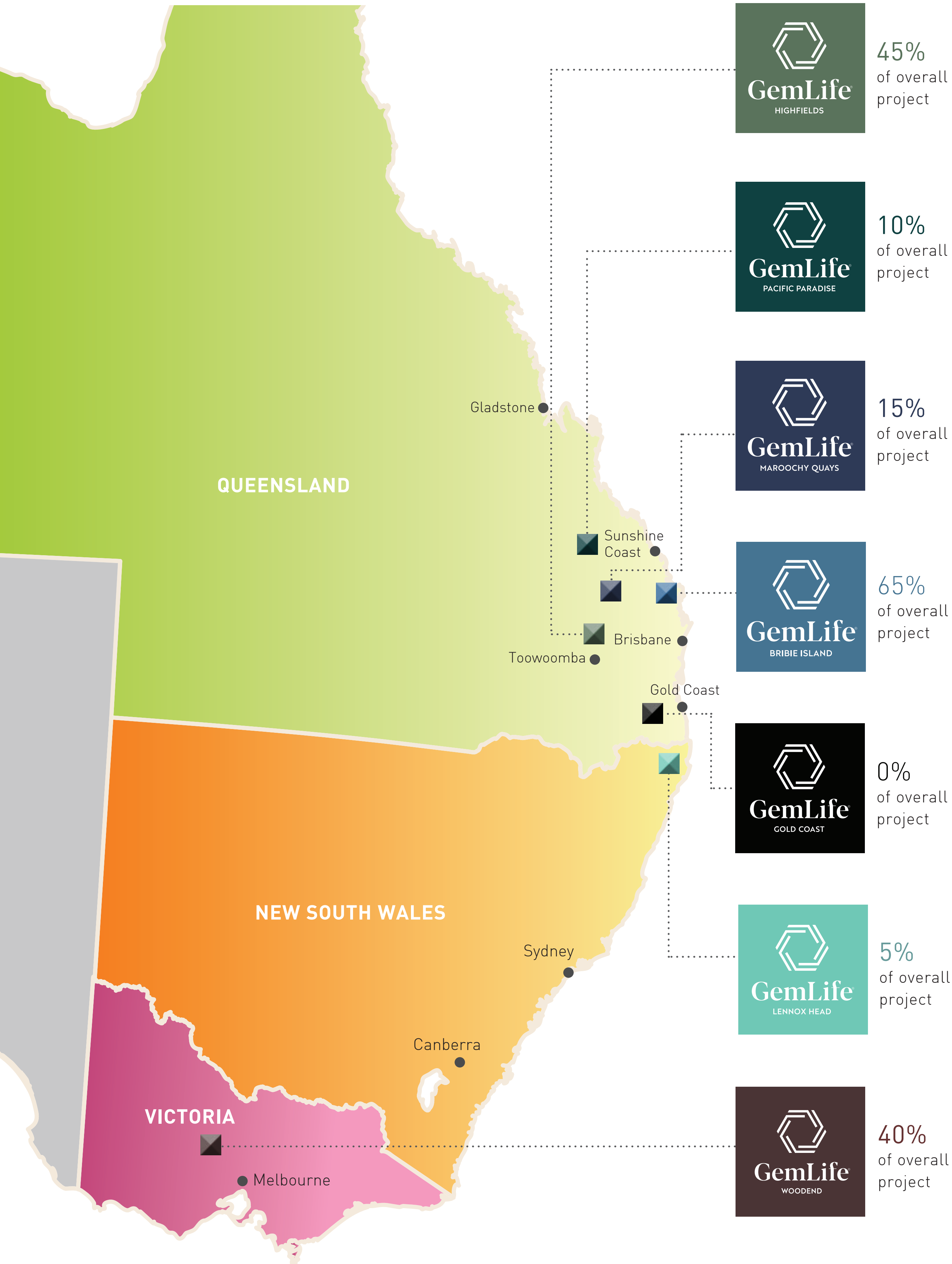
Delhi, India

Gurmeet Singh
Senior Vice President

INVESTMENT DIVISION, AUSTRALIA – GEMLIFE PROJECTS

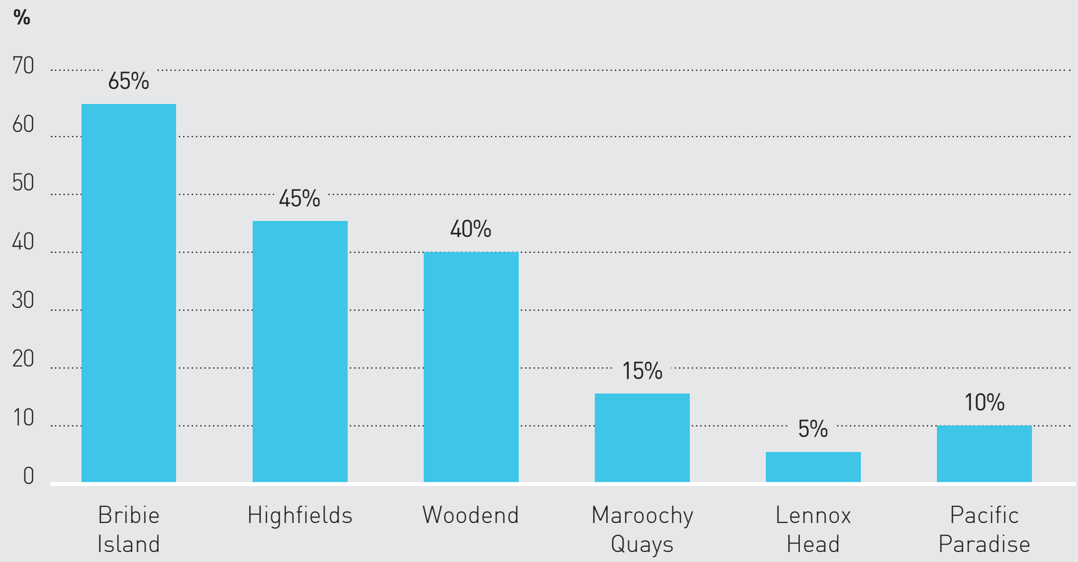
CONSTRUCTION COMPLETION STATUS

AS AT DECEMBER 31, 2019

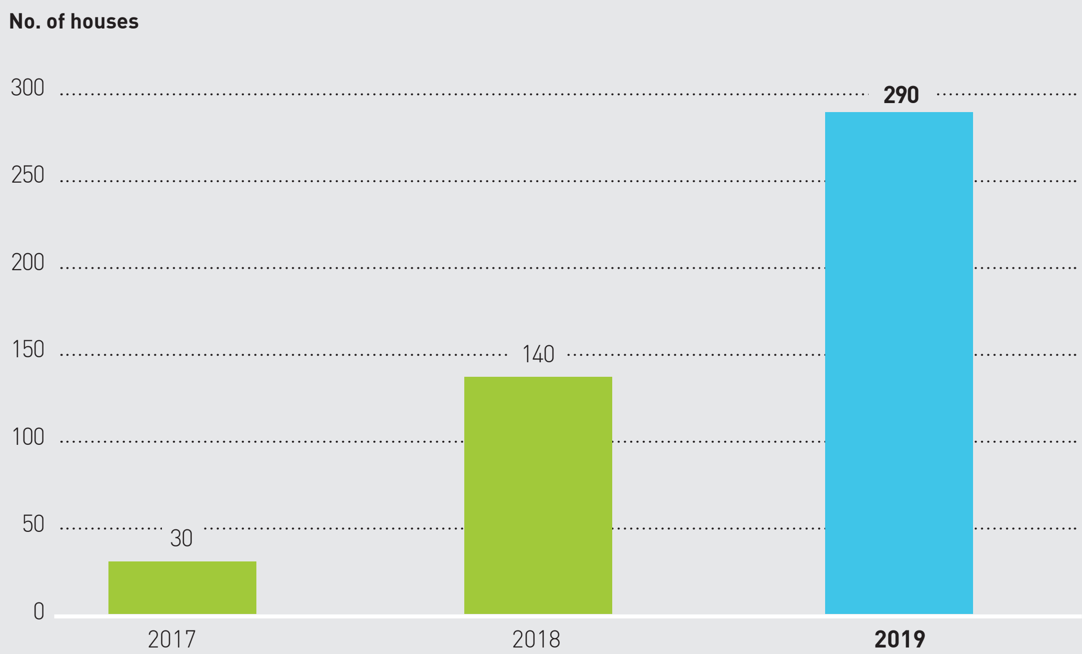


INVESTMENT DIVISION, AUSTRALIA – GEMLIFE PROJECTS
PROGRESSION STATUS

CONSTRUCTION COMPLETION STATUS
AS AT DECEMBER 31, 2019



CUMULATIVE OCCUPIED HOMES



INVESTMENT DIVISION
AUSTRALIA

Thakral Capital Australia Pty Ltd
Brisbane and Sydney, Australia

GemLife Group
Australia

Thakral Capital Holdings Pte Ltd
Singapore

The Group's Investment Division was set up to create a sustainable revenue stream and contribute to positive shareholder value. It is now by far the largest component of our Group in terms of net assets as well as profitability.

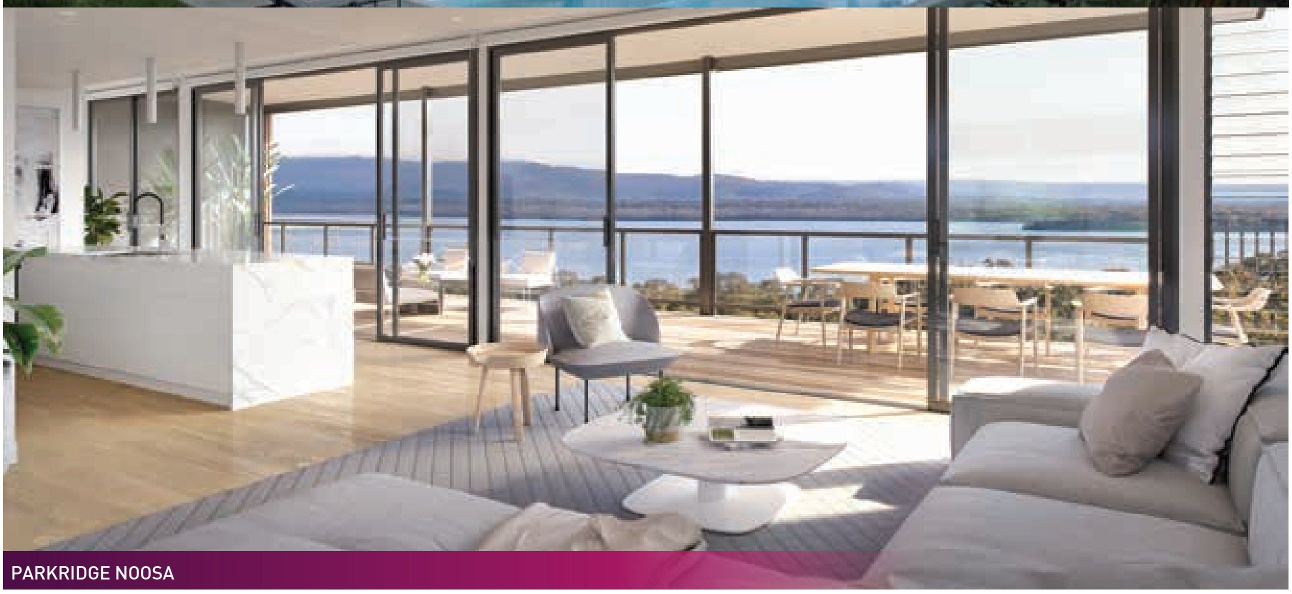
Thakral Capital Holdings Pte Ltd ("TCH"), the holding company of the Group's Investment Division in Australia, was incorporated in 2009 and the TCH group started operations in Australia as Thakral Capital Australia Pty Ltd ("TCAP") in early 2011. TCAP operates as a finance partner with real estate developers and provides value-added services including originating, packaging and managing investment projects. It has been the financial backer and investment partner for a slew of major apartment and townhouse developments in Australia since 2011, investing and committing in excess of A$454 million of capital into projects with an end value surpassing A$4.3 billion. It has to date successfully completed 17 projects, with another two in the pipeline, and eight under construction. The Group participates in higher yielding, niche high-end property projects in gateway cities such as Sydney, Melbourne and Brisbane.

The division's retirement living joint venture with the Puljich family, under the GemLife brand, has been successfully built into one of Australia's most respected brands in the resort-style retirement homes sector within 4 years of its establishment. Two of GemLife's resorts – Bribie Island and Highfields, were crowned Master Builders Queensland regional winners in 2019 for their respective clubhouses and associated facilities. To date, GemLife has eight resorts with more than 1,900 homes in various stages across the eastern seaboard and a pipeline of seven more sites, which may add 1,600 homes to be built.

The Group's diversification into the retirement living segment is expected to provide sustainable returns in a growing sector in Australia.

LAUNCH AND OPENING OF GEMLIFE PACIFIC PARADISE

CURRENT PROJECTS

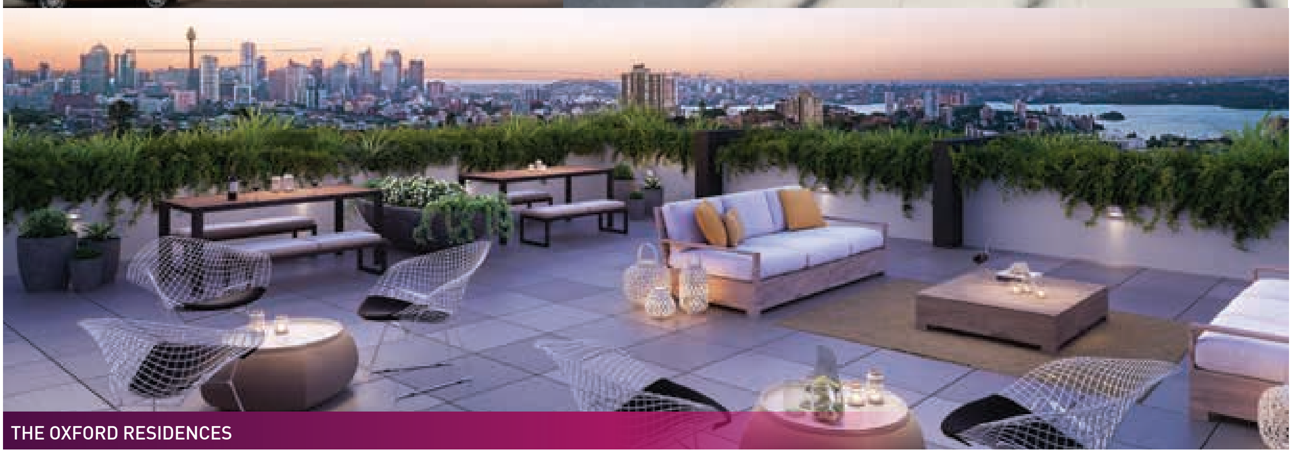


PARKRIDGE NOOSA

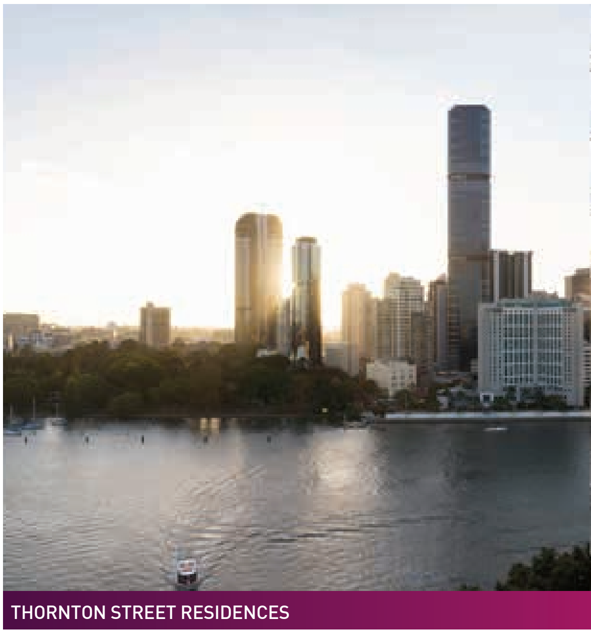
GLNG HOUSING PROJECT

INVESTMENT DIVISION
AUSTRALIA CURRENT PROJECTS (Cont'd)





THE OXFORD RESIDENCES



THORNTON STREET RESIDENCES


GemLife
BRIBIE ISLAND
HOUSING & CONSTRUCTION AWARDS
MASTER BUILDERS QUEENSLAND
WINNER 2019
COMMUNITY SERVICE FACILITIES
GEMLIFE BRIBIE ISLAND COUNTRY CLUB
BRISBANE

INVESTMENT DIVISION
AUSTRALIA CURRENT PROJECTS (Cont'd)

GemLife
HIGHFIELDS

GemLife
WOODEND

INVESTMENT DIVISION
AUSTRALIA CURRENT PROJECTS (Cont'd)

GemLife
MAROOCHY QUAYS

GemLife
LENNOX HEAD

GemLife
PACIFIC PARADISE

GemLife
GOLD COAST

INVESTMENT DIVISION
JAPAN AND SINGAPORE

JAPAN

Thakral Japan Properties Pte Ltd
Singapore

TJP Pte Ltd
Singapore

Thakral Umeda Properties Pte Ltd
Singapore

SINGAPORE

Thakral Realty (S) Pte Ltd
Singapore

The Group's Investment Division has expanded its portfolio to include properties in Japan and Singapore in recent years.

Its Japanese investment portfolio is structured through its pooled investment subsidiaries, Thakral Japan Properties Pte Ltd, TJP Pte Ltd and Thakral Umeda Properties Pte Ltd. The portfolio has grown significantly since establishment about five years ago and now comprises seven commercial buildings – Yotsubashi Nakano Building, Yotsubashi East Building, Itachibori Square, Utsubo East Building, River Point Kitahama Building, Yotsubashi Grand and Umeda Pacific Building; and three business hotels – Best Western Osaka Tsukamoto Hotel, R Hotels Inn Osaka Kita Umeda and Hotel WBF Namba Motomachi.

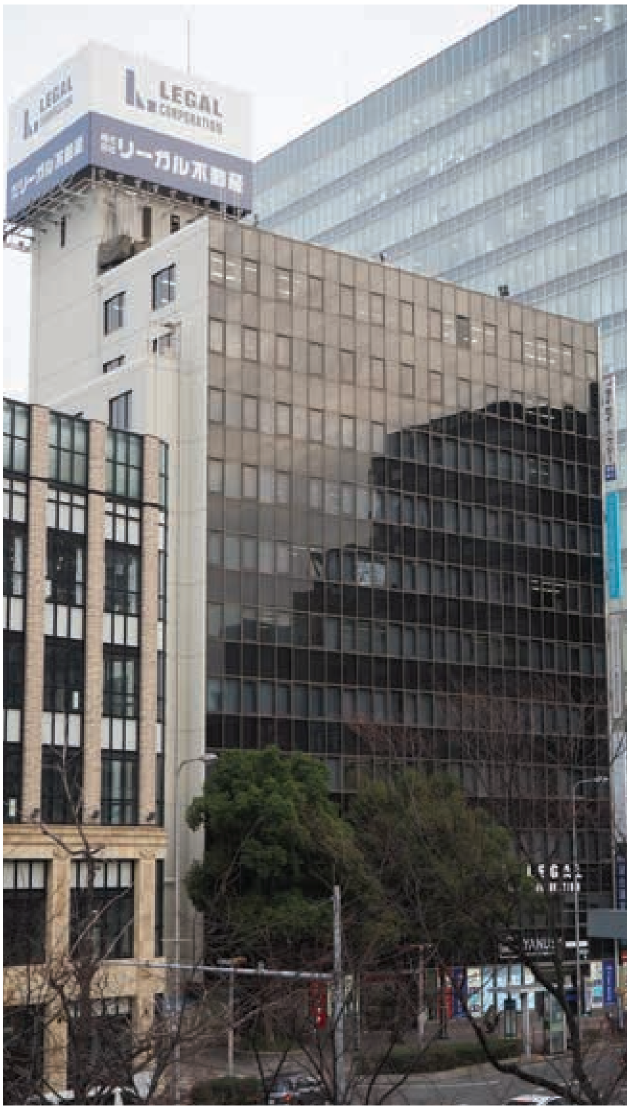
UMEDA PACIFIC BUILDING

The latest addition to its portfolio in 2019 was the Umeda Pacific Building, an 11-story office building in Osaka. The property, located just 3-minute walk from Higashi Umeda Station and the main Osaka Station, sits on 861 sqm of freehold land. The building has a gross floor area of 9,179 sqm and net rentable area of 6,359 sqm. The fully-tenanted property is prominently and strategically located along Mido Suji with broad street frontage.

The Group looks forward to continuing to capitalise on the growing tenant demand in Osaka together with rising real estate values brought about by the limited supply of quality assets and the country's low interest rates.

The Group will also be looking to sell some of its properties to realise profits while continuing its search for reinvesting in niche properties.

Its office property at The Riverwalk, Singapore continues to provide a stable source of recurring rental income for the Group.



YOTSUBASHI EAST BUILDING


YOTSUBASHI NAKANO BUILDING

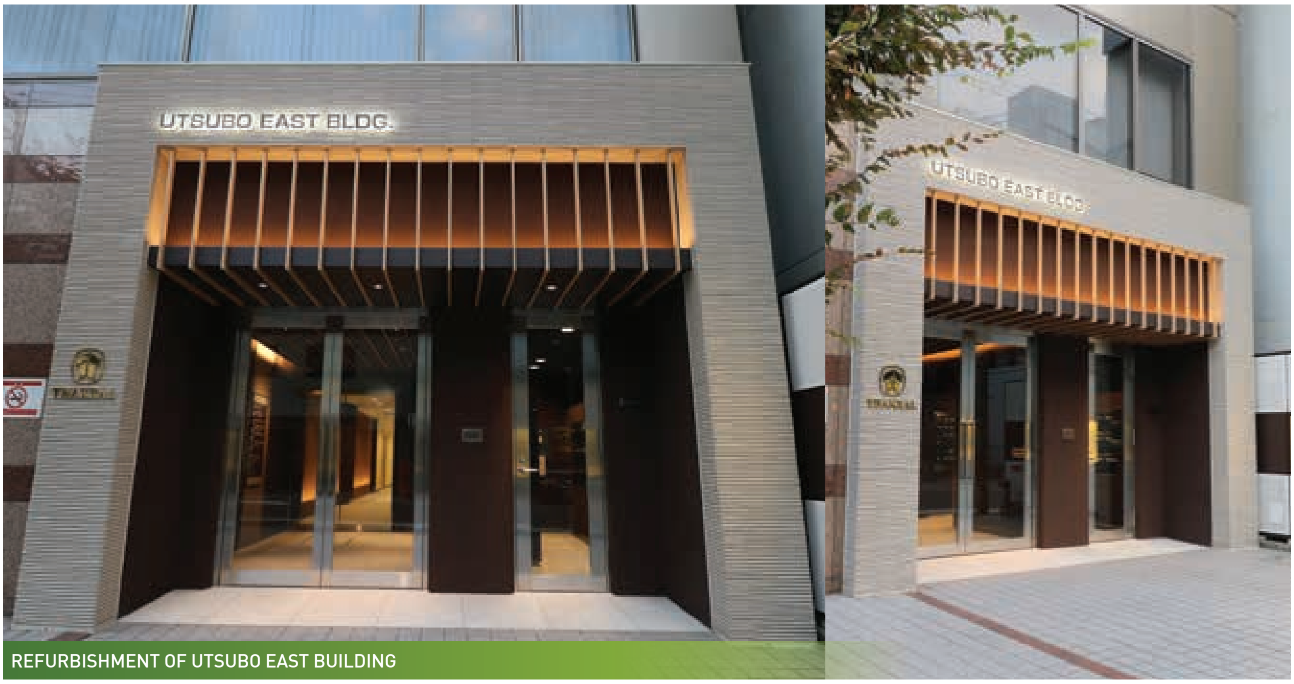

YOTSUBASHI GRAND BUILDING

THE RIVERWALK OFFICE UNIT, SINGAPORE

INVESTMENT DIVISION
JAPAN (Cont'd)

REFURBISHMENT OF ITACHIBORI SQUARE

REFURBISHMENT OF RIVER POINT KITAHAMA



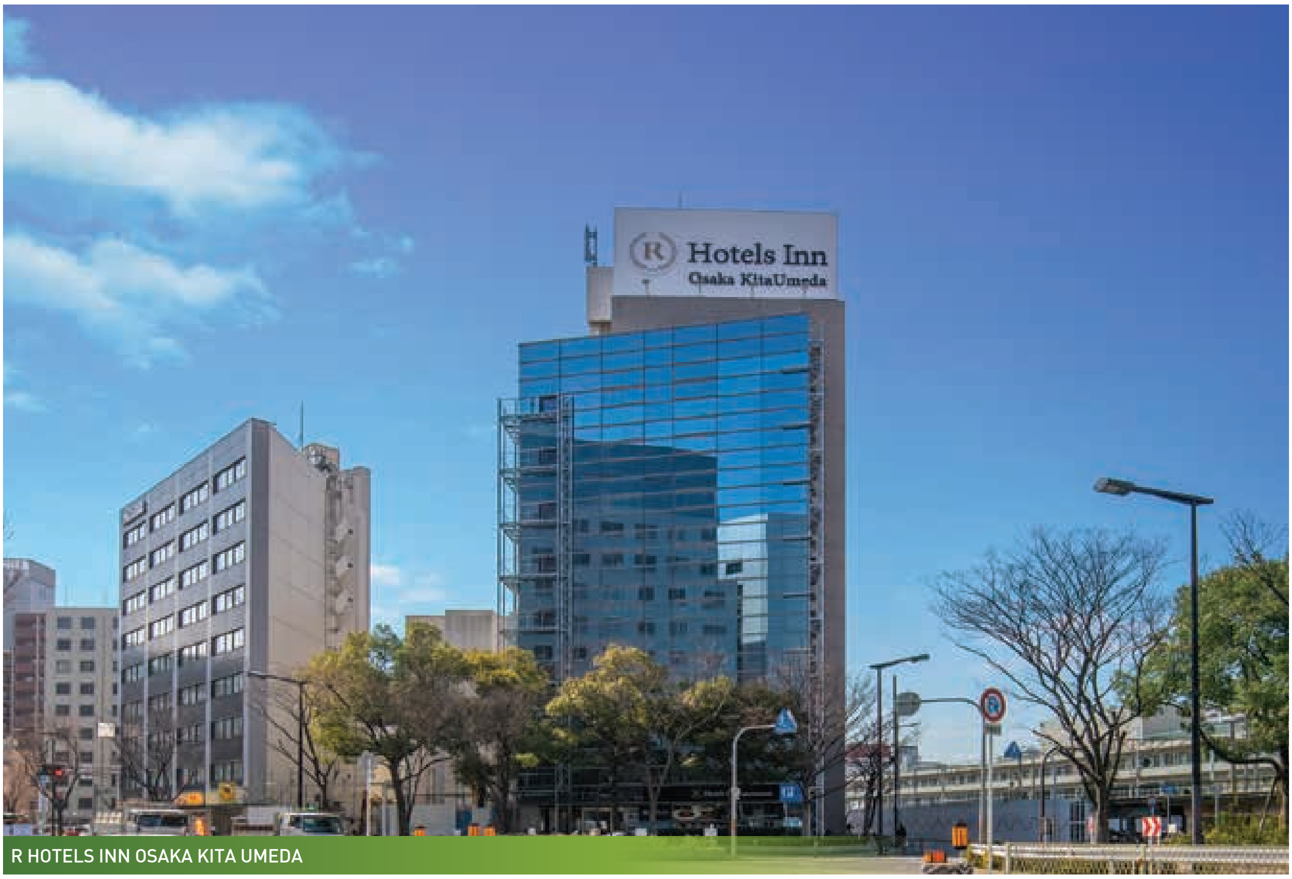
REFURBISHMENT OF UTSUBO EAST BUILDING

ITACHIBORI SQUARE

RIVER POINT KITAHAMA BUILDING

UTSUBO EAST BUILDING

INVESTMENT DIVISION
JAPAN (Cont'd)



R HOTELS INN OSAKA KITA UMEDA

BEST WESTERN OSAKA TSUKAMOTO HOTEL

HOTEL WBF NAMBA MOTOMACHI

LIFESTYLE
DIVISION

Thakral China Ltd
Thakral Beauty (Shanghai) Ltd
CBT At-Home Beauty (Shanghai) Ltd
Shanghai, PRC

Thakral Corporation (HK) Limited
Hong Kong

Thakral Brothers Ltd
Osaka, Japan

Singapore Sourcing & Technology Pvt Ltd
Delhi, India

CBT At-Home Beauty Holdings Pte Ltd
Singapore

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, which display solid underlying growth as Asian consumers continue to enhance their lifestyle, including upgrading what, where and how they buy.

Creating a portfolio of brands with a unique and differentiated positioning in their respective markets, brands distributed by the Lifestyle Division include at-home beauty and wellness device brands Panasonic, DermaWand, Philips, T3 and Slendertone, skin and hair care brand John Masters Organics, fragrance brands Maison Margiela, Ralph Lauren, Diesel and Cacharel as well as lifestyle brands such as DJI. These brands are managed across a range of online and traditional retail channels by the Lifestyle Division's on-the-ground brand management, sales, marketing, in-house e-commerce and operational support team.

The Lifestyle Division also operates an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

The Lifestyle Division's geographic footprint is centered on Greater China including Hong Kong, India, Indonesia, the Philippines, Singapore and Thailand. It also continues to support the sourcing needs of Greater China based wholesalers and retailers, including those engaged in cross-border e-commerce, bringing new brands and products from Asia, in particular from Japan, as well as from Europe and other regions to consumers.

In addition, the Lifestyle Division supplies a broad range of high-quality, competitively-priced interior decoration solutions to developers, designers and contractors as well as consumers in the property development and home ownership markets in Canada, USA and India.

LIFESTYLE
DIVISION


PHANTOM 4 PRO V2.0
VISIONARY INTELLIGENCE.
ELEVATED IMAGINATION.


ROBOMASTER S1

BOARD OF **DIRECTORS**

NATARAJAN SUBRAMANIAM Age 81
Independent Non-Executive Chairman and Lead Independent Director

Mr Natarajan Subramaniam is the Independent Non-Executive Chairman of the Board and the Lead Independent Director of the Company. Prior to the appointment of Non-Executive Chairman, he was the Deputy Chairman of the Board. Mr Subramaniam was first appointed a Director on 15 November 1995 and was last re-elected on 30 April 2019. He is also Chairman of the Audit, Compensation and Investment Committees and a member of the Nomination Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Subramaniam to be an independent director.

Mr Subramaniam began his accounting career in 1965 as a trainee with Blackborn Mellstrom & Co, London and subsequently with Ernst & Young, London. He joined Ernst & Young, Singapore in January 1971 and was invited to be a partner in July 1976, a position he held till retirement in December 1993. Mr Subramaniam continued as an associate of the firm from January 1994 until December 2003. His major areas of experience include audit, investigations, IPOs, mergers and acquisitions. He was for a number of years a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore (now known as the Institute of Singapore Chartered Accountants) and a member of the Accounting and Auditing Standards, Quality Control and Professional Development Committees of Ernst & Young International.

Mr Subramaniam is the Non-Executive Chairman of the Company's principal subsidiary, Thakral Capital Holdings Pte Ltd, a Director of the Company's principal subsidiaries, SJ Property Investments Pte Ltd and Nihon Property Investments Pte Ltd, a Director of AWWA Ltd and a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. He holds a Bachelor of Arts Degree from the University of Malaya in Singapore.

KARTAR SINGH THAKRAL Age 86
Executive Director

Mr Kartar Singh Thakral is an Executive Director of the Company and was the Executive Chairman since the Company's listing until 31 December 2011. He was first appointed a Director since the incorporation of the Company on 7 October 1993 and was last re-elected 27 April 2018. He stepped down as a member of the Nomination Committee of the Company on 1 January 2020 and remained as a member of the Investment Committee of the Company.

In addition, Mr Thakral is the Chairman of the Thakral Family Companies. He joined the family trading business in 1949. He was the Joint Chairman and Non-Executive Director of Australia listed Thakral Holdings Limited and a Non-Executive Director of India listed GIVO Limited till 22 October 2012 and 31 March 2009 respectively. He was 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. 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; and was a trustee of Singapore Indian Development Association from 1991 till 31 December 2006. He was awarded the Singapore Australian Business Council President's Medal in 1998 for significant contribution to the Australian Singapore business community. He had been awarded Business Man of the Year 1995.

Mr Thakral is a Director of a number of subsidiaries of the Company in China, Hong Kong and Singapore. He is a Founder Trustee of Nishan-E-Sikhi Charitable Trust, India, a trustee of the Singapore Sikh Education Foundation and Sri Guru Nanak Sat Sang Sabha and a patron of Singapore Khalsa Association, Singapore Sikh Welfare Council and Central Sikh Gurdwara Board.

BOARD OF DIRECTORS

INDERBETHAL SINGH THAKRAL Age 60

Executive Director and Chief Executive Officer

Mr Inderbethal Singh Thakral ("Mr Bethal") is the Chief Executive Officer and an Executive Director of the Group. He was first appointed a Director on 12 August 1994 and was last re-elected on 30 April 2019. He is a member of the Investment Committee of the Company.

Mr Bethal played an instrumental role in the listing of the Group back in 1995, as well as the transformation of the Group including the growth of its Investment Division in markets such as Japan, Australia and Singapore and the repositioning of the Lifestyle Division to focus on beauty and wellness products.

Having broadened the Group's income streams beyond China, Mr Bethal continues to spearhead the Group's strategic growth in these markets for positive and sustainable returns. He has a long and illustrious track record having led the Group's operations in Hong Kong and China since 1984.

Mr Bethal is a Director of the Company's various subsidiaries in China, Hong Kong and Singapore and the Chairman of a charity organisation, Sahib Sri Guru Gobind Singh Ji Education Trust, Hong Kong.

LEE YING CHEUN Age 78

Independent Non-Executive Director

Mr Lee Ying Cheun is a Non-Executive Director of the Company. He was first appointed a Director on 15 November 1995 and was last re-appointed on 30 April 2019. Mr Lee is the Chairman of the Nomination Committee and a member of the Audit Committee and Compensation Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Lee to be an independent director.

Mr Lee held various appointments in the Economic Development Board and the Trade Development Board from 1966 to 1994. Thereafter, Mr Lee had held executive and non-executive positions in various private and public companies in Singapore, Hong Kong, China, USA and Australia. In foreign service, Mr Lee was Singapore's Non-Resident Ambassador to Brazil, Panama and Mexico; and, Consul-General to Osaka and Trade Representative to China. Mr Lee sits on the Board of Company's various subsidiaries in Singapore. In community service, he is a patron of the Toa Payoh East-Novena Citizens' Consultative Committee.

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.

DILEEP NAIR Age 69

Independent Non-Executive Director

Mr Dileep Nair is a Non-Executive Director of the Company. He was first appointed a Director on 2 January 2015 and was last re-elected on 28 April 2017. Mr Nair is a member of the Audit, Compensation and Nomination Committees of the Company. The Board, after due review and taking into consideration the views of the Company's Nomination Committee, considers Mr Nair to be an independent director.

Mr Nair has more than 30 years of experience in governance and public service. His experience includes both stints in the Singapore Government civil service and the United Nations secretariat. He was with the Ministry of Foreign Affairs serving as the High Commissioner to the Republic of Ghana from 2013 to 2016. Prior to that, Mr Nair was the Ambassador to the Lao People's Democratic Republic from 2011 to 2013 and the Consul-General to the Emirate of Dubai from 2006 to 2010. He was the Under-Secretary-General for Internal Oversight Services at the United Nations from 2000 to 2005.

Mr Nair is an Independent Director and a member of the Audit and Risk Committee of Keppel DC REIT Management Pte. Ltd., the Manager of Singapore listed Keppel DC REIT, an Independent Director and Chairman of the Audit Committee of Singapore listed Singapore Reinsurance Corporation Limited and a Director of Health Sciences Authority of Singapore. He is also a part-time lecturer at the Civil Service College of Singapore.

Mr Nair was awarded the Public Service Medal (Silver) in 1994 by the Singapore Government and the Friendship Medal in 2013 by the Government of Laos. He holds a Bachelor of Engineering from McGill University and a Master in Public Administration from Harvard University.

BIKRAMJIT SINGH THAKRAL Age 44

Non-Independent Non-Executive Director

Mr Bikramjit Singh Thakral ("Bikram") was appointed as a Non-Independent Non-Executive Director of the Company on 2 January 2020. Prior to this appointment, he was Alternate Director to Executive Director, Mr Kartar Singh Thakral since 5 July 2013. He is a member of the Nomination Committee and Investment Committee of the Company.

Bikram is the Chief Executive Officer and a Director of Thakral One Pte Ltd, a Thakral-family owned technology consulting firm, headquartered in Singapore with operations across Asia Pacific. Thakral One Pte Ltd is primarily focused on providing technology and data-analytic solutions to financial institutions, telecos, and other regional enterprise customers. He also oversees Thakral Services (India) Ltd, which provides electronic security solutions and products across India. He is the Advisor, Mergers & Acquisitions for the Thakral Group of Companies. Prior to joining the Thakral Group of Companies, Bikram was a strategy consultant at a leading management consulting firm headquartered in Boston, Massachusetts, where he focused on corporate and consumer strategy. He also consulted with various public sector organisations in Asia in the areas of sector competitiveness and public policy.

Bikram is a Director of various Singapore subsidiaries of the Company, a Non-Executive Director of India listed Thakral Services (India) Ltd. He holds a Bachelor of Business Administration (Honours) from the National University of Singapore and has attended executive education at the Harvard Business School.

KEY PERSONNEL

RIKHIPAL SINGH THAKRAL
Ph.D in Humanity (Hon)
Advisor to Investment Committee

Mr Rikhipal Singh Thakral ("Rikhi") was appointed to be an Advisor to the Investment Committee of the Company on 1 March 2017. He is also Non-Executive Director of the Company's subsidiaries, Thakral Lifestyle Pte Ltd, Thakral Japan Properties Pte Ltd, TJP Pte Ltd and Thakral Umeda Properties Pte Ltd.

Rikhi joined the Thakral family business in 1979 at the age of 17 and holds an Executive Director position in the Thakral Family Group of companies (the "Family Group"). Rikhi started the TIMEPIECES business for the Family Group in 1983 which holds distribution rights of Omega, Breitling, Rado, Mont Blanc, Baume & Mercier, Traser, Seiko, Bergeon brands for Indo-China as well as Rado distribution for Indonesia. In addition, it operates World Class Service Centers for the above brands, including Chopard, Cartier and Bulgari.

Mandated by the Chairman of the Family Group, Rikhi currently oversees its property division and is jointly responsible for the development and management of the Family Group's real estate portfolio in Australia, Japan and Singapore. Years of exposure to businesses in Bangkok, Japan and Vietnam early in his career provided him with a broad outlook and understanding of how business is carried out in a variety of countries and situations.

Rikhi was an Alternate Director to the Chairman of Australia listed Thakral Holdings Ltd ("THL") from 1994 to 1996 and was appointed as its Non-Executive Director from 1996 to 2012. As a member of the Investment, Audit and Remuneration Committees of THL, he actively participated in the development of THL, during its growth period. THL's assets exceeded a billion dollars when he stepped down as a Director when it was privatised in 2012.

Rikhi is the Founder and CEO of In-Sewa Foundation, a non-profit organisation dedicated to humanitarian and social activities where those in need are served. Rikhi has been conferred Honorary Doctorate in Humanity by University of Cambodia in 2004 as well as Vietnam National University for his significant humanitarian work in Indo-China in 2013. In March 2019, Rikhi has been awarded Development Medal No. 1 by the President of Laos. In January 2020, Rikhi was conferred the Honorary Membership of the Board of Trustees of The University of Cambodia.

ANIL MOOLCHAND DARYANANI
Chief Financial Officer

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

Anil joined the Group in 1982 and has more than 35 years of experience in financial management, taxation, accounting, legal and corporate financial matters. He has played key roles in the major corporate exercises undertaken by the Group right from and including the listing of the Group in 1995 on the main board of the Stock Exchange of Singapore. He works closely with the Group's banks and financial, tax and legal advisers in Hong Kong and Singapore.

Anil is a director of a number of the Company's subsidiaries in Hong Kong and Singapore. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (ACCA).

KANWALJEET SINGH DHILLON
Managing Director
Thakral Corporation (HK) Limited

Mr Kanwaljeet Singh Dhillon is the Managing 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 40 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 with a Bachelor of Commerce Degree from Punjab University, India.

TORSTEN STOCKER
Chief Operating Officer
Lifestyle Division

Mr Torsten Stocker is the Chief Operating Officer, Lifestyle Division of the Group. Based in Hong Kong and China, his responsibilities include strategy and new business development, including identifying beauty, wellness and lifestyle brands for distribution and exploring business model expansion opportunities. He also oversees recruiting and people development and leads operational improvement initiatives across the business and is a director in the Group's China joint venture with UK at-home beauty device e-commerce retailer, CurrentBody.

Based in Asia since 1996, Torsten was previously a partner at global management consultancies A.T. Kearney and Monitor Group. He holds a Bachelor of Arts from Mannheim Cooperative State University and a MBA from Aston Business School, Aston University.

INDERGOPAL SINGH THAKRAL
Managing Director
Thakral China Ltd

Mr Indergopal Singh Thakral is the Managing Director of the Company's principal subsidiary, Thakral China Ltd. His responsibilities include strategising Thakral China's Beauty & Wellness business, executing the strategy and driving sales together with its China team as well as expanding the Lifestyle Division's brand portfolio in China. He is a director in the Group's China joint venture with UK at-home beauty device e-commerce retailer, CurrentBody.

Based in Shanghai with over 7 years of experience in business management, Indergopal continues to deepen his knowledge in the psyche and consumption preference of the Chinese market beyond those gained through his earlier roles as General Manager, Vice President of Beauty Division and Product Manager. Indergopal, together with senior management drove the re-positioning of Lifestyle Division's portfolio of brands towards Beauty & Wellness.

Indergopal holds a Bachelor's degree from Singapore Management University and a Certificate for Negotiation Skills from Harvard Business School.

KEY PERSONNEL

SATBIR SINGH THAKRAL
Marketing Director
Lifestyle Division

Mr Satbir Singh Thakral is the Marketing Director of the Group's Lifestyle Division. He is directly responsible for leading the marketing functions including enhancing marketing infrastructure and development & implementation of the marketing strategy for the array of brands within the portfolio not limited to campaigns, events, digital & social media and public relations.

Satbir has over 10 years of experience in marketing and brand management through his various roles as Project Manager, Sales and Marketing Manager, Vice President of Lifestyle Products and Marketing Director of the Company's principal subsidiary, Thakral China Ltd. Building on his experience and knowledge of the constantly evolving digital landscapes, Satbir revitalised the Lifestyle Division's traditional brick and mortar channels into essential online e-commerce platforms to support the re-positioning and transformation of the Lifestyle Division. He enhanced the marketing infrastructure with appropriate use of digital & social media marketing tools which enabled the Lifestyle Division to improve brand awareness to reach out to a wider group of consumers and capture a larger market share of sales.

SEAN QIU
Financial Controller
Thakral China Ltd

Mr Sean Qiu is the Financial Controller of the Company's principal subsidiary, Thakral China Ltd. His responsibilities include planning and execution of financial strategy as well as overseeing administrative, human resource, information technology, legal, logistics and sales support matters.

Sean joined the Group during the second millennium and rose through the ranks from Finance Manager to the present role of Financial Controller. He has over 20 years of experience in financial management and works closely with the Group's banks, tax and legal advisers in China.

Sean graduated from the Accounting faculty of Shanghai Lixin University of Accounting and Finance.

KEVIN CHARLES BARRY
Joint Managing Director
Thakral Capital Australia Pty Ltd

Mr Kevin Charles Barry is the Joint Managing Director of the Company's principal subsidiary, Thakral Capital Australia Pty Ltd. He is responsible for managing the day to day affairs of the Group's Investment Division.

Kevin has over 20 years of experience in the investment banking, commercial finance and legal markets. He started initially as a finance lawyer in Sydney with KPMG and Blake Dawson Waldron, and then in London with Norton Rose. He moved to investment banking in 2001 at Zurich Capital Markets Asia where he was Senior Vice President responsible for the structuring and execution of their principal finance business, including the funding of commercial and residential loan portfolios.

Kevin was an Executive Director of the CHOPIN structured finance business that originated fixed income products across a number of different asset classes, including mezzanine property finance, lease and trade receivables and investment loans. Prior to joining the Group's Investment Division, he was involved in setting up the credit strategies funds management business at Pengana Capital Limited.

He is the Non-Executive Chairman of ASX listed ICSGlobal Limited and a Director of the Company's Singapore subsidiaries, Thakral Capital Holdings Pte Ltd and TCAP Pte Ltd as well as a number of investment subsidiaries and joint venture entities of the Group in Australia. Kevin graduated with a Bachelor of Commerce and Laws from the University of New South Wales and is a solicitor in New South Wales.

GREGGORY JOHN PIERCY
Joint Managing Director
Thakral Capital Australia Pty Ltd

Mr Greggory John Piercy ("Gregg") is the Joint Managing Director of the Company's principal subsidiary, Thakral Capital Australia Pty Ltd. His responsibilities include business development, relationship management, strategy, origination, fund raising, risk management and overseeing the financial modelling of investment projects.

Gregg has more than 35 years of experience in financial markets, banking and real estate investment with a number of major banks, including ANZ Capital Markets, Lloyds and Societe Generale Australia where he was engaged in developing products and trading in derivatives, fixed interest products and asset swap markets.

In 1998, Gregg moved to Singapore and with his partners, established Presidio Capital, a successful debt and derivatives broking business where he was involved in the development of high yield, distressed and mezzanine debt products on behalf of investment funds and principal finance groups across Asia. In 2005, he was a founding partner of Asia Equity Partners Pte Ltd and assisted in the establishment of the successful US$100 million Injaz Asia Equity Property Fund which invested in 3 office buildings in Singapore and Kuala Lumpur, Malaysia and generated investor returns in excess of 30% IRR.

Gregg was Chief Executive Officer of Heritage Capital in Singapore prior to joining the Group's Investment Division. He is a Director of the Company's Singapore subsidiaries, Thakral Capital Holdings Pte Ltd and TCAP Pte Ltd as well as a number of investment subsidiaries and joint venture entities of the Group in Australia including GTH Resorts and GemLife.

KEY PERSONNEL

VICTOR SHKOLNIK
Executive Director
Thakral Capital Australia Pty Ltd

Mr Victor Shkolnik is an Executive Director of the Company's principal subsidiary, Thakral Capital Australia Pty Ltd. His responsibilities include risk management, execution of investment opportunities, project due diligence and oversight, corporate and funds management.

Victor has over 30 years of experience in the finance industry, specialising in credit risk management and property financing. He has held a variety of roles, amongst them a Director and Senior Vice President respectively in the risk management divisions of Deutsche Bank AG and Bankers Trust Australia, Head of Credit with Zurich Capital Markets Asia and Chief Credit Officer with the Challenger Group.

Victor had been a director of a property development company in Sydney which had undertaken projects in excess of A$300 million, a co-founder of a wholesale mortgage company with assets in excess of A$1.2 billion and was involved in setting up the credit strategies funds management business at Pengana Capital Limited.

He is a Non-Executive Director of ASX listed ICSGlobal Limited, a Director and Alternate Director of the Company's Singapore subsidiaries, TCAP Pte Ltd and Thakral Capital Holdings Pte Ltd respectively as well as a Director of a number of investment subsidiaries and joint venture entities of the Group in Australia. He holds a Bachelor of Economics from Sydney University and is a Fellow of the Financial Services Institute of Australasia and CPA Australia.

MICHAEL JAMES STUBBS
Chief Financial Officer
Thakral Capital Australia Pty Ltd

Mr Michael James Stubbs is the Chief Financial Officer and Company Secretary of the Company's principal subsidiary in Australia, Thakral Capital Australia Pty Ltd. His responsibilities include treasury management, working with clients to fund projects, and statutory requirements including financial reporting, taxation and company secretarial duties.

Michael has over 25 years of experience in accounting, taxation, M&A, treasury and business recovery matters. He was the Group Taxation & Projects Manager at Australian-listed Alesco Corporation Limited where he was involved in 20 acquisitions and two divestments and developed and implemented tax compliance processes across 5 diverse divisions and held other managerial roles. He moved on to be the General Manager (Finance) of B&D Garage Doors & Openers, a division of Dulux Group Limited where he delivered key strategic projects and was responsible for guiding strategy development, accounting, tax, IT, FX and foreign operations.

Michael graduated with a Bachelor of Business from University of Technology, Sydney and holds a Masters of Taxation from University of New South Wales. He is a Chartered Accountant with the Institute of Chartered Accountants Australia and is a Registered Tax Agent.

CORPORATE **GOVERNANCE REPORT**

The Company is committed to continually enhancing shareholder value and safeguarding the interest of all its stakeholders through good corporate governance. This report outlines the corporate governance framework and practices of the Company which were in place during the financial year ended 31 December 2019 ("FY2019"), reflecting the need to balance enterprise and accountability. The Board of Directors (the "Board") is pleased to report that the Company has complied with the revised Code of Corporate Governance published on 6 August 2018 (the "Code") for FY2019. Where there are deviations from the Code, appropriate explanations have been provided within this report.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the company.

The Board assumes responsibility for stewardship of the Group and is collectively responsible for the Group's long-term success. It provides corporate directions, ensures financial and human resources are adequate to meet its objectives, has established a framework of prudent and effective controls which enables risks to be assessed and managed, reviews management performance, and promotes best practice in corporate governance. Board members are required to objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company. It holds Management accountable for its performance.

The Board has put in place a code of conduct and ethics. It leads by example, setting appropriate tone-from-the-top and the desired organisational culture and ensuring proper accountability within the Company. Directors facing conflicts of interest are required to promptly disclose such interest and recuse themselves from discussions and decisions involving the issues of conflict.

Board Duties, Induction, Training and Developments

All directors understand the Company's businesses as well as their directorship duties, including their role as executive, non-executive and independent directors. Non-executive directors have also been provided with a formal letter setting out their duties and obligations with information on the role and responsibilities of non-executive directors, expected time commitment from directors and other relevant matters.

The Company has an established policy for new Board members to be briefed by the Chairman. Induction is required for a new member of the Board to ensure that all incoming directors are familiar with the Group's business activities, strategic directions and policies, key business risks, corporate governance practices as well as their statutory responsibilities as a director.

Mr Bikramjit Singh Thakral was appointed as a Non-Independent Non-Executive Director of the Company on 2 January 2020. No additional induction was considered necessary given that his earlier tenor and experience on the Board as an Alternate Director to Mr Kartar Singh Thakral for more than 6 years has provided him adequate understanding of the Group's businesses and prepared him to be a full Board member.

The Board keeps itself abreast and is kept informed by management and its Company Secretaries of legislative and regulatory requirements. It is also guided by the Company's Company Secretaries and where necessary, legal advisers to ensure that the Company complies with the requirements of the Companies Act, Cap. 50 (the "Act") and other rules and regulations applicable to the Company.

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Board members are encouraged to attend relevant seminars and conferences to keep themselves up to date with legislative and regulatory changes as well as training programmes which are considered beneficial to performing their roles on the Board and its committees. From time to time, the Company disseminates information to Board members for their selection on appropriate seminars/workshops, in particular changes to listing and company regulations, corporate governance practices, financial reporting standard changes, risk management, conducted by the Singapore Institute of Directors ("SID"), SGX, Institute of Singapore Chartered Accountants and other established bodies. The Company funds all relevant training for Board members.

The Nomination Committee concluded that each director should attend at least 2 relevant courses or trainings annually and directors with professional qualification must ensure that they complete the minimum hours of trainings required by the respective professional bodies.

Relevant seminars/conferences/training programmes attended by the directors in FY2019 include the following:

- ACRA-SGX-SID Audit Committee Seminar 2019 (The Audit Committee in the New Normal) jointly organised by Accounting and Corporate Regulatory Authority ("ACRA"), SGX and SID;
- Elevating the Audit Committee ("AC") Role with Analytics and AC Commentary Seminar organised by SID in collaboration with Institute of Singapore Chartered Accountants;
- Board Leadership for Cyber Resilience Seminar organised by SID;
- Financial Reporting: Fraud in China Seminar organised by SID;
- Board Performance Seminar organised by SID;
- Navigating Through a Financial Fraud Investigation Seminar organised by SID in collaboration with SGX;
- Sustainability Reporting: Progress and Challenges forum organised by SGX and Centre for Governance, Institutions & Organisations, NUS Business School;
- Sustainability Reporting Seminar organised by Ernst & Young Singapore ("EY Singapore"); and
- New Financial Reporting Standards Seminar organised by EY Singapore.

The Company also circulates on a regular basis relevant articles, news releases and reports in connection with the Group's businesses and regulatory compliance matters to the Board to keep them updated on the industrial trends, financial environment and regulatory changes and developments.

In addition, it organises on-site visits on at least an annual basis for directors to visit overseas offices to review key operations and investments to enable them to have an in depth understanding of the key businesses for them to provide strategic guidance.

Matters Requiring Board Approval

The Company has established an extensive list of matters that requires Board approval which has been clearly communicated to Management in writing. The list was last reviewed by the Board during its November 2019 meeting and it includes matters relating to:

- appointment of Chairman, Directors, Managing Director(s)/Chief Executive Officer ("CEO"), Senior Executive Officers (including Key Management Personnel), Company Secretary/Chief Financial Officer/Group Internal Auditor and External Auditors;

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- appointment and membership of Board Committees and task forces and approving their terms of reference;
- appointment of and changes to directors of the Company's subsidiaries and associated companies (i) with net assets of at least S$10 million in consultation with the Nomination Committee and (ii) in consultation with the Compensation Committee where appointee is not a director of the Company and whose annual remuneration is likely to be in excess of S$200,000;
- appointment of and changes to the Company's representation on the board of companies in which the Group holds investments (other than subsidiaries and associated companies) with net assets of at least S$10 million on recommendation of the Company's CEO;
- appointment of and changes to legal representative(s) (or person(s) of equivalent authority) to the Company and/or any of its principal subsidiaries where such appointment/designation would have powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of the Company or that principal subsidiary;
- appointment of and changes to appointment of independent directors of the Company who are also on the boards of the Company's local and overseas principal subsidiaries;
- establishing a policy and criteria for directors' development in consultation with the Nomination Committee;
- review of remuneration, contracts and grants of options for executive directors and senior executive officers in consultation with Compensation Committee, and recommend to Shareholders, fees payable to non-executive directors, including payments on retirement;
- announcements to the SGX-ST including approval and release of quarterly and annual financial results and annual reports;
- business strategy and operating budgets;
- approval of capital expenditure above S$25,000;
- related party transaction matters;
- investments, capital projects and transactions outside the ordinary course of business, incorporation, acquisition, disposal and liquidation of subsidiaries and associates or other assets or incurring liabilities over S$12 million (for those below S$12 million, authority for approval has been given to the Investment Committee);
- treasury policies including foreign currency and interest rate exposure;
- identifying, engaging and managing relationships with the material stakeholder groups as their perception affects the Company's reputation;
- setting the Company's values, code of conduct and ethics (including clear policies and procedures for dealing with conflict of interest), appropriate tone-from-the-top and desired organisational culture and ensuring proper accountability within the Company and that obligations to shareholders and stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation and promoting best practice in corporate governance;

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- establishment and monitoring of a robust and effective systems of internal controls that addresses financial, operational, compliance and information technology risks and risk management systems in consultation with Audit Committee ("AC") and including in the annual report (i) the Board's view on the adequacy and effectiveness of the internal controls and risk management systems, (ii) a statement on whether the AC concurs with the Boards' comments and (iii) any material weaknesses identified by the Board or AC together with steps taken to address them;

- prospectus and new issue documents;

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

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

- actions or transactions where there may be doubt over their legality or propriety, matters referred to the Board by Board Committees, avoidance of wrongful or fraudulent trading, calling of shareholders' meetings, delegation of the Board's authority and authority for the use of the Company's common seal; and

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

Delegation of Authority and Duties by the Board

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

Board Process and Attendance at Board, Board Committees and General Meetings

The Board meets at least quarterly for its regular scheduled meetings, and whenever necessary for the discharge of its duties. All Board and Board Committees' meetings are planned and scheduled in advance. Materials for Board, Board Committees and general meetings are uploaded onto a secured portal for access by the Board and Board Committees' members.

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

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The Constitution of the Company provides for meetings of directors to be conducted by means of a telephone conference, videoconferencing, audio visual, or other similar communication equipment. Matters which require the Board and Board Committees' approval outside the scheduled meetings are circulated for approval via resolutions in writing. Board members have access to all Board and Board Committees' meeting minutes and resolutions.

Each Board member has separate and independent access to the Company's senior executive officers and the Company Secretaries via telephone, fax, email and personally. The Board also has access to independent professional advice, where appropriate, at the Company's expense. Any member of the Board may advise the Chairman that he wishes to obtain independent legal advice in relation to a matter affecting the discharge of the director's responsibilities and duties to the Company at the Company's expense where it is reasonable to do so. The Chairman may determine that a matter 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 Act and other rules and regulations applicable to the Company. The appointment and removal of the Company Secretary is a matter for the Board.

Directors are to attend and actively participate in Board, Board Committee and general meetings. Details of the directors' attendance at each Board and Committee and general meetings during FY2019 are as follows:

Director	Board	Audit Committee	Compensation Committee	Nomination Committee	Investment Committee	General Meetings
No. of Meetings held	**5**	**4**	**2**	**2**	**2**	**1**
Natarajan Subramaniam	5/5	4/4	2/2	2/2	2/2	1/1
Kartar Singh Thakral (Alternate: Bikramjit Singh Thakral)	5/5	NA	NA	2/2	2/2	0/1
Inderbethal Singh Thakral	5/5	NA	NA	NA	2/2	1/1
Lee Ying Cheun	5/5	4/4	2/2	2/2	NA	1/1
Dileep Nair	5/5	4/4	2/2	2/2	NA	1/1

While as Alternate Director to Mr Kartar Singh Thakral, Mr Bikramjit Singh Thakral attends all Board Meetings when he is in Singapore and participates actively in discussions of matters discussed by the Board. Mr Bikramjit Singh Thakral usually does not attend Board Committee meetings when the Principal Director is present but represents him when the Principal Director is unable to be present. At Board Committee meetings where he is present, he participates actively in the discussions. Mr Bikramjit Singh Thakral has been appointed as Non-Independent Non-Executive Director of the Company on 2 January 2020.

Other than the above meetings, the Board and its Board Committees also approve various matters by written resolutions from time to time.

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Investment Committee

The Investment Committee was established to assist the Board in reviewing and approving or making recommendations to the Board on any proposed investments up to S$12 million. Members of the Investment Committee are:

Mr Natarajan Subramaniam	(Chairman)
Mr Kartar Singh Thakral	(Member)
Mr Inderbethal Singh Thakral	(Member)
Mr Bikramjit Singh Thakral	(Member)

The Investment Committee has written Terms of Reference that describe the responsibilities of its members. Its terms of reference were last reviewed by the Board in November 2019. The role of the Investment Committee is as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amounts up to S$12 million for a single transaction or series of transactions relating to the same subject matter where the total investment does not exceed S$12 million;
- to review and recommend to the Board for approval investment proposals exceeding S$12 million. For the avoidance of doubt, the Investment Committee may at its discretion refer any investment proposal, not exceeding S$12 million to the Board for review and approval;
- to review and approve changes and variations to the terms of investments by the Company and/or its subsidiaries which have previously been approved by the Committee or the Board. The Investment Committee may at its discretion refer any variations to the terms of investments previously approved by the Board or the Investment Committee to the Board;
- to recommend to the Board any appropriate extensions or changes in the authority and duties of the committee;
- to retain such professional consultancy firm as the committee may deem necessary to enable it to discharge its duties herein satisfactorily; and
- to carry out such other duties as may be agreed by the committee and the Board.

The activities of the Investment Committees in FY2019 include the review and approval of, and where applicable, recommending to the Board for approval:

- New investment proposals in Japan and Australia;
- Variation to terms of investments previously approved by the Board or the Investment Committee to the Board; and
- Annual review of its terms of reference.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Independence

The Company considers directors who are independent in conduct, character and judgement, and have no relationships with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the Company, to be independent.

The independence of each independent director is assessed by the Company's Nomination Committee annually with reference to the provisions set out in the Code and the applicable listing rules. In assessing the independence of the directors, the Nomination Committee has reviewed the various relationships and circumstances set out under the Code which may render a director to be non-independent. Each independent director is also required to confirm whether he considers himself independent annually taking into consideration the same set of assessment considerations set out under the Code. Each independent director has recused himself in the determination of his own independence during the review. For the year under review, the Board concurred with the Nomination Committee that Messrs Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair are considered to be independent directors of the Company.

A rigorous process for the purpose of evaluating the true independence of directors who have served beyond nine years from the date of their first appointment has been put in place. Under this process, a special committee of the Board was formed in 2012 to set out the criteria for the basis for the evaluation. The special committee for FY2019, comprising both Nomination Committee members, Mr Kartar Singh Thakral and Mr Dileep Nair, and in consultation of Mr Inderbethal Singh Thakral have undertaken the review of independence of the Independent Non-Executive Chairman and Director, Mr Natarajan Subramaniam and Independent Non-Executive Director, Mr Lee Ying Cheun. The evaluation criteria included reviewing past records and performance as well as level of commitment to determine whether such directors have acted, and are likely to continue to act, in the best interests of the shareholders in an independent manner despite their long tenure. Using these criteria as a basis for its decision, the special committee conducts a rigorous evaluation annually on non-executive long serving directors to determine their independence. The special committee had, after their annual evaluation, opined that Mr Subramaniam and Mr Lee have each continued to demonstrate independence in character and judgement in deliberations of the Board and at Board Committee level, constantly challenge in a rigorous and constructive manner the proposals supported by Management and major shareholder and have always seen to act in the best interests of the Company in discharging their director's duties and continue to add value to the Group despite their extended tenure. The special committee had therefore recommended to the Nomination Committee and the Board that both Mr Subramaniam and Mr Lee continue to be independent though they have been directors for more than nine years. The Nomination Committee and the Board, after due review, consider both Mr Subramaniam and Mr Lee as independent directors.

Board and Board Committees Composition and Size

The Board currently consists of six directors of whom three are independent and non-executive, two are executive and one is non-independent non-executive. Non-executive directors make up a majority of the Board. There is an appropriate level of independence on the Board, with independent directors constituting half of the Board. No individual or group of individuals dominates the Board's decision-making process. 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 its controlling shareholder 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 judgment and provides appropriate checks and balances on Management's decisions. The Board has reviewed its size and composition and that of its Board Committees, having regard to the scope and nature of the operations of the Company. Considering the nature of the Group's core businesses, the Board is satisfied that the size and composition of the Board and its Board Committees are appropriate. The Board is also satisfied that the directors and Board Committee members are fully qualified to carry out their responsibilities and bring the required experience to the Board to provide the Group the direction required. The Board is therefore satisfied that there is an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The Board will continue to review the Board Committees' and its size and composition, including skill set on a regular basis.

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Board Diversity

The Board is of the view that a diverse Board will enable it to achieve its strategic objectives of improving shareholder value, sustainable development and stakeholder satisfaction when contribution to the Board's discussions is heard from those with a wide range of skills, business experience, gender, ethnicity, age and geographical background. A Board Diversity Policy is in place to reinforce the need for greater diversity which reflects the real world and divergent backgrounds that brings different points of view to the table on the matter under discussion and foster productive debate.

The Board, through the Nomination Committee, ensures appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity among the directors is maintained. Current Board members possess a range of core competencies. The three independent non-executive directors have accounting and financial expertise as well as diversified and extensive business proficiency and capability. The two executive directors have business and industry knowledge essential for leading and managing the Group's operations. The non-independent non-executive director with over 6 years of experience on the Board, is well versed in strategy consultancy and has vast business exposure and network, will bring valuable contribution to the Board and add new views and visions from a different generation.

Appointments to the Board are made on the new appointee's experience, requirements of the Board as well as potential contribution to the Board.

Though the Board is firmly supportive of gender diversity, it takes the view that Board appointments should be based on merit, suitability, ability to contribute effectively and availability rather than gender alone.

Non-executive directors, led by the Lead Independent Director, continue to constructively challenge and help develop the strategy for business operations and review the performance of Management. To facilitate a more effective check on Management, non-executive directors also meet regularly without Management's presence and whereby any feedback at such meetings are provided to the Board. Non-executive directors also meet with Management and visit overseas offices regularly to gain a better understanding of the pressures and opportunities faced by the Group and to provide support and direction.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibility between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Mr Natarajan Subramaniam, Chairman of the Board, is an independent non-executive director and the Lead Independent Director of the Company. He leads the Board to ensure its effectiveness on all aspect of the Board's roles, is responsible for exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board, encouraging constructive relations within the Board and between the Board and Management and ensuring effective communications with shareholders and other stakeholders and compliance with the Group's guidelines on corporate governance. He sets the Board agenda and conducts Board meetings and promotes a culture of openness and debate at the Board to ensure that every Board member has an opportunity to be heard. The Lead Independent Director is available to shareholders and other stakeholders through normal channels of communication to respond to their queries. His email address is also available on the Company's website.

Mr Inderbethal Singh Thakral, Chief Executive Officer of the Group, is responsible for leading the Group's Investment Division and Lifestyle Division. He is the son of Executive Director, Mr Kartar Singh Thakral.

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Independent directors and non-executive directors, which includes the Chairman, have met six times during FY2019 without Management's presence to discuss the Group's current and future operations and financial position and to review the independent financial adviser's opinion and circular in connection with the voluntary conditional cash partial offer in March 2019. The Chairman ensures that these discussions are advised to the Board for consideration and action.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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

Mr Lee Ying Cheun	(Chairman)
Mr Natarajan Subramaniam	(Member)
Mr Dileep Nair	(Member)
Mr Bikramjit Singh Thakral	(Member)

Except for Mr Bikramjit Singh Thakral, the members of the Nomination Committee are independent non-executive directors. The Lead Independent Director is a member of the Nomination Committee.

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed in November 2019.

The duties of the Nomination Committee are as follows:

- to recommend new appointments and re-election to the Board (including alternate director, if applicable), having regard to the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance including, if applicable, his or her performance as an independent director;

- to review and, if deem appropriate, recommend to the Board, appointments of and changes to the directors of the Company's subsidiaries and associated companies with net assets of at least S$10 million or where the appointment is for a company with net assets below S$10 million and the appointee is not a member of the Company's Board and will receive annual remuneration exceeding S$200,000;

- to regularly and strategically review the structure, size and composition (including skills, qualifications, experience and diversity) of the Board and Board Committees and make recommendations to the Board with regard to any adjustments that are deemed necessary. When reviewing Board structure, to ensure that (i) non-executive directors make up a majority of the Board and (ii) independent directors to make up at least one-third of the Board and at least a majority of the Board where the Chairman is not independent;

- to assist the Board in setting Board Diversity Policy, including qualitative and measurable quantitative objective (where appropriate) and to review the Company's progress towards achieving these objectives;

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- to recommend to the Board on the re-nomination of directors for re-election at the Company's AGM having regard to the directors' contribution and performance;
- to determine the independence of directors on an annual basis and as and when circumstance require in accordance with the applicable Code of Corporate Governance and Listing Rules;
- to ensure that directors who have multiple board representations give sufficient time and attention to the Company's affairs and to adopt internal guidelines to address the competing time commitments of such directors;
- to ensure new directors are aware of their duties and obligations;
- to review training and professional development programs for the Board and its directors and make appropriate recommendations to the Board;
- to ensure complete disclosure of key information of directors and search and nomination process as required under the Code and Listing Rules;
- to develop a transparent process for evaluation of the performance of the Board, its Board committees and directors using a set of pre-approved objective performance criteria including assessing whether directors are able to commit enough time to discharge their responsibilities as well as determining the maximum number of listed company Board representations which a director may hold for the Board's approval;
- to determine and implement the process of assessing the effectiveness of the Board as a whole;
- to assess the contribution of each individual board member to the effectiveness of the Board;
- to make plans for succession for directors, in particular the appointment and/or replacement of the Chairman, and key management personnel;
- to recommend to the Board any appropriate extensions or changes in the authority and duties of the Nomination Committee;
- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily. Where an external facilitator has been used, the Company shall disclose in its annual report (a) whether the external facilitator has any other connection with the Company or any of its directors and (b) the assessment process; and
- to carry out such other duties as may be agreed to by the Nomination Committee and the Board.

The activities of the Nomination Committee in FY2019 include:

- review and recommending the re-election of directors at AGM;
- review and recommending adoption of 2-tier re-election for long serving non-executive independent directors;
- review and determine the independence of independent directors, including long serving directors;
- reviewing the disclosure of key information of directors in Annual Report;

- assessing the effectiveness of the Chairman, the Board, the Board Committees and the performance of the directors;
- reviewing existing Board Evaluation Forms and implementing separate evaluation form for Board Committees and CEO with effect from 2019;
- setting a policy and criteria for directors' development and training;
- review and recommending to the Board adoption of a Board Diversity Policy, including the qualitative and measurable quantitative objectives;
- review of its terms of reference;
- review and recommending the appointment of (i) a Lead Independent Director and (ii) a non-independent non-executive director and member of the Nomination Committee and Investment Committee.

New Directors' Selection and Nomination Process

New directors are appointed by the Board based on recommendations by the Nomination Committee. Other than depending on the network of contacts and recommendations from directors for sourcing of new candidates, the Nomination Committee is open to using the services of external professional agency like the SID where necessary. 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 before submitting its recommendation to the Board for approval.

The appointment of Mr Bikramjit Singh Thakral as Non-Independent Non-Executive Director on 2 January 2020 was part of the Board renewal process where details of the review by the Nomination Committee and the Board have been set out in his appointment announcement.

Expectation of Directors, Time Commitment and Multiple Directorships

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

For FY2019, the Nomination Committee was of the view that each director had discharged his duties adequately and that each director's listed directorship was in line with the Company's internal guidelines.

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Re-election of Directors and Alternate Directors

In keeping with the principle of good corporate governance, the Constitution of the Company provides for (i) an election of directors to take place at every AGM whereby the directors to retire in every year shall be those who have been longest in office since their last election, (ii) all directors to retire at least once every three years and subject themselves to re-election by shareholders at the AGM and (iii) newly appointed directors hold office until the next AGM and are eligible for re-election by shareholders.

The Nomination Committee has reviewed the re-appointment of the existing directors who are subjected to re-election taking into consideration their quality of participation, attendance, contribution and performance when discharging their duties and responsibilities.

Key information of the directors, including listed company directorships and principal commitments, is set out in the Board of Directors section of this Annual Report. Additional information pursuant to Appendix 7.4.1 of the Listing Manual of the SGX-ST on the directors seeking re-election has been set out in the "Additional Information on Directors Seeking Re-election" section under the Notice of Annual General Meeting ("AGM").

The Company no longer has alternate director on Board following the appointment of Mr Bikramjit Singh Thakral as Non-Independent Non-Executive Director of the Company on 2 January 2020.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each board committees and individual directors.

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 Committees' meetings and availability for consultation.

A formal assessment of the effectiveness and performance of Chairman of the Board, the Board as a whole and each Board Committee separately were undertaken by the Board and each Board Committee based on input from individual board and board committee members and the Chairman. The feedback and recommendation from the directors and Board Committees are reviewed and discussed by the Board collectively after review by the Chairman. Where necessary, the Chairman reviews with the Nomination Committee, the proposed changes to improve the effectiveness of the Board. A self-evaluation carried out by each director on the effectiveness and contribution made showed that the directors have met the evaluation criteria such as candour, preparedness, participation, attendance, contributions to discussions in a positive manner, leadership, strategic thinking and integrity when discharging their responsibility.

The objective performance criteria established by the Nomination Committee to evaluate the Board's performance includes Board's structure, effectiveness of conduct of meetings, performance of the Board in discharging its functions particularly in measuring and monitoring performance and financial reporting, participation in strategic planning, risk management and internal controls, standards of conduct, the performance of the Board Committees and individual directors.

As mentioned under principle 2 of this report, the Board has reviewed its size and composition and that of its Board Committees, having regard to the scope and nature of the operations of the Company. Considering the nature of the Group's core businesses, the Board is satisfied that the size and composition of the Board and its Board Committees are appropriate. The Board is also satisfied that the directors and Board Committee members are fully qualified to carry out their responsibilities and bring the required experience to the Board to provide the Group the direction required. Where appropriate, the Chairman in consultation with the Nomination Committee reviews all new Board member appointments or seeks resignation of directors.

For the reporting year, the Board was satisfied with the performance of individual members of the Board and that the Board as a whole had performed more than satisfactorily. The Board also concluded that all of its Committees had operated effectively. Board members concurred that the Chairman had performed effectively and achieved an above satisfactory grade in his role and responsibilities. No external facilitator was engaged.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

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

Mr Natarajan Subramaniam	(Chairman)
Mr Lee Ying Cheun	(Member)
Mr Dileep Nair	(Member)

The Compensation Committee has written Terms of Reference that describe the responsibilities of its members. The terms of reference were last reviewed and amended in November 2019. The duties of the Compensation Committee are as follows:

- to review and, if deem appropriate, recommend the recruitment of executive directors of the Group and their employment terms and remuneration to the Board;

- to review and, if deem appropriate, recommend to the Board, appointment of and changes to directors of the Company's subsidiaries and associated companies with net assets of at least S$10 million or where the appointment is for a company with net assets below S$10 million and the appointee is not a member of the Company's Board and will receive annual remuneration exceeding S$200,000;

- to review and, if deemed appropriate, recommend to the Board the appointment, employment terms and remuneration of senior executive officers (including key management personnel) as well as those employees who are substantial shareholders, those related to directors or substantial shareholders of the Group. The committee shall also review and act accordingly on the reports received from the CEO on the performance to evaluate the performance of these persons;

- to structure a significant and appropriate proportion of executive directors' and senior executive officers' remuneration so as to link rewards to group or corporate and individual performance. Such performance-related remuneration shall be structured to achieve value creation and aligned with the interests of shareholders and other stakeholders, the long-term interests and risk policies of the Company, and shall give the directors keen incentives to provide good stewardship of the Company;

- to decide where to position the Company relative to other companies or its competitors. The committee shall be aware of what comparable companies are paying to their executives as well as directors and shall take into account the Group's relative performance. It shall use such comparisons with caution, in view of the risk of ratcheting remuneration levels upwards with no corresponding improvement in performance;

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- to consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST and those recommended by the Code of Corporate Governance, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Group and its stakeholders;
- to review and make recommendations to the Board on the Group's framework of executive remuneration, in particular executive directors and senior executive officers;
- to recommend to the Board for approval by shareholders, the remuneration of Non-Executive Directors ("NED") to ensure, as far as is possible, that the quantum is commensurate with the NED's contribution to the Board directly and through its sub-committees. NED should not be over-compensated to the extent that their independence may be compromised;
- to administer such share schemes or plans as may be implemented by the Company from time to time in accordance with the rules of the schemes/plans;
- to oversee any major changes in employee benefits or remuneration structures;
- to review the design of all long-term and short-term incentive plans for approval by the Board and shareholders;
- to oversee the talent management and succession planning matters for executives. Executive directors are expected to collaborate on this with the Nomination Committee;
- to recommend to the Board any appropriate extensions or changes in the authority and duties of the committee;
- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily. Where a remuneration consultant has been used, the Company shall disclose in its annual report (a) the name and firm of the remuneration consultant, (b) whether the remuneration consultant has any relationship with the Company or any of its directors and (c) the assessment process; and
- to carry out such other duties as may be agreed to by the Committee and the Board.

The main activities of the Compensation Committee in FY2019 include:

- review of proposed directors' fees
- review and recommending of year-end bonuses, salary increments and grant of share options
- review and recommending the key performance indicators and guidelines for determining performance bonus for the Chief Executives and other senior management persons
- discussion on disclosure of relationship between remuneration, performance and value creation
- review of proposed director's fee for Lead Independent Director
- review of its terms of reference

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, benefits-in-kind and termination payments.

The Company's obligations in the event of termination of service of executive directors and senior executive officers are contained in their respective letters of employment. The Compensation Committee is of the view that termination clauses included therein are fair and reasonable to the respective employment class and are not overly generous.

The Board has approved a scheme where certain selected executive directors of the Group and key management personnel (currently three) who have served more than five years with the Group to be paid ex-gratia payments on retirement based on their years of service with a cap to the amount payable. There are no other post retirement and severance benefits for the executive directors except the common practice of giving notice or salary in lieu of notice in the event of termination. For the year under review, there was no termination, retirement or post-employment benefits granted to any director, the CEO or key management personnel.

The Compensation Committee is empowered, where required, to engage consultants to provide advice on remuneration of directors and management. The committee's remit requires that relationship between a consultant and any of its directors or the Company will not affect the independence and objectivity of the consultant. No advice was sought from consultants during the year under review in relation to remuneration of directors.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Executive directors do not receive directors' fees. Certain component of the remuneration of the executive directors and key management personnel is linked to the performance of the Company/Group and the individual and aligned with the interests of shareholders and other stakeholders to promote the long-term success of the Company through key performance indicators set by the Board on the recommendation of the Compensation Committee and takes into consideration the role of prudent risk taking in accordance with the risk management framework of the Company. The performance of executive directors and key management personnel is reviewed individually by the Compensation Committee and the Board on an annual basis.

Executive directors and key management personnel have standard employment letters. There were no unexpired service contracts with any executive directors and key management personnel. The Company does not have any contractual provisions to allow the Company to reclaim incentive from executive directors and key management personnel in case of wrongdoing as the Company pays bonuses on the performance and actual results of the Group and not on possible future results.

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

The Compensation Committee has reviewed the remuneration of non-executive directors, executive directors and key management personnel of the Group to be appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term, and has recommended the remuneration payable to each of the above category for the Board's approval. No director was involved in deciding his own remuneration. In setting remuneration packages for executive directors and key management personnel, the Company has taken into account the performance of the Company and that of its executive directors and key management personnel.

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Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure of directors' and key management personnel's remuneration for FY2019 is tabulated below:

Directors' Remuneration:

Name of Director	Remuneration	Fees	Salary	Bonus/ Ex-gratia	Benefits	Total
	S$'000	%	%	%	%	%
Inderbethal Singh Thakral	1,042.0	–	26	34	40	100
Kartar Singh Thakral	315.4	–	98	–	2	100
Natarajan Subramaniam	345.4[1]	100	–	–	–	100
Lee Ying Cheun	131.0	100	–	–	–	100
Dileep Nair	127.0	100	–	–	–	100

[1] Includes non-executive director's fee from the Company's principal subsidiary, Thakral Capital Holdings Pte Ltd.

No share options have been granted to any director during FY2019.

Key Management Personnel's Remuneration:

Name of Executive	Salary	Bonus/ Ex-gratia	Benefits	Total	Share Options Granted
	%	%	%	%	No.
S$750,000 to S$1,000,000					
Kevin Charles Barry	35	65	–	100	–
Greggory John Piercy	35	65	–	100	–
Victor Shkolnik	35	65	–	100	–
S$500,000 to S$750,000					
Kanwaljeet Singh Dhillon	53	–	47	100	–
S$250,000 to S$500,000					
Anil Moolchand Daryanani	61	25	14	100	–
Michael James Stubbs	53	46	1	100	–
Torsten Stocker	99	–	1	100	–

No share options have been granted to any key management personnel during FY2019.

The aggregate remuneration paid to the key management personnel (who are not directors or the CEO) for FY2019 was S$4,531,000 (2018: S$4,660,000).

The Company is of the view that it may not be in its best interest of the Group to fully disclose the remuneration of the Group's key management personnel to the level as recommended by the Code, given the highly competitive hiring conditions and the need to retain the Group's talent pool.

Remuneration of Employees who are Substantial Shareholders of the Company or Immediate Family Members of a Director, the CEO or a Substantial Shareholder Exceeding S$100,000:

Name of Employee	Salary	Bonus/ Ex-gratia	Benefits	Total
	%	%	%	%
Above S$200,000 to S$300,000				
Ashmit Singh Thakral	48	52	–	100
Above S$100,000 to S$200,000				
Indergopal Singh Thakral	40	–	60	100
Satbir Singh Thakral	38	–	62	100

Mr Indergopal Singh Thakral is a substantial shareholder of the Company, the grand-nephew and nephew of Mr Kartar Singh Thakral and Mr Inderbethal Singh Thakral respectively. He is the Managing Director of the Company's wholly-owned subsidiary, Thakral China Ltd. Mr Satbir Singh Thakral and Mr Ashmit Singh Thakral are the grandsons and sons of Mr Kartar Singh Thakral and Mr Inderbethal Singh Thakral respectively. Satbir is the Marketing Director of the Group's Lifestyle Division while Ashmit is the Finance Director of GemLife Group.

No share options have been granted to employees who are substantial shareholders or immediate family members of a director, the CEO or a substantial shareholder in FY2019.

Other than disclosed in the above table, there were no employees who are substantial shareholders or immediate family members of a director, the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000 in FY2019.

Employees' Share Option Scheme

The Company has adopted the Thakral Capital Holdings Pte. Ltd. ("TCH") Employees' Share Option Scheme (the "TCH ESOS") upon its approval at its extraordinary general meeting ("EGM") held on 29 April 2015.

TCH ESOS is a share option scheme for employees of the Investment Division. The key objective of the TCH ESOS is to motivate employees of TCH and its subsidiaries ("TCH Group Employees"), to optimise their performance standards and efficiency, and to reward them for their significant contributions with participation in the equity of TCH. The Company believes that the TCH ESOS may be more effective than cash bonuses in motivating TCH Group Employees to work towards pre-determined targets and to put in their best efforts, whilst at the same time allowing TCH to offer incentives and remuneration packages compatible with multinational companies. The Group is constantly sourcing for new talents as against its competitors, some of which are large and established organisations offering extremely attractive benefits including share options. Accordingly, the implementation of the TCH ESOS would narrow the gap between what the Group and these prestigious competitors can offer, thereby making career prospects with the Group more attractive.

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The TCH ESOS is administered by the Compensation Committee (the "Committee") of the Company. The names of the members of the Committee have been set out beginning of the Remuneration Section of this report. Full details of the TCH ESOS can be found in the Company's Circular to shareholders dated 14 April 2015. Important details of the TCH Scheme are as follows:

(i) The TCH ESOS shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the TCH ESOS is adopted by shareholders of the Company ("Shareholders") in a general meeting, provided that the TCH ESOS may continue beyond the aforesaid period of time with the approval of Shareholders in a general meeting, or may be terminated at any time by the Committee in its discretion, subject to all relevant approvals which may then be required having been obtained.

(ii) The aggregate number of ordinary shares in TCH ("TCH Shares" or "TCH Share") in relation to which an option may be granted on any date under the TCH ESOS, when added to the number of TCH Shares issued and/or issuable in respect of:

(a) all options granted under the TCH ESOS; and

(b) all TCH Shares, options or awards granted under any other share option or share scheme of TCH then in force (if any),

shall not exceed 15% of the total issued share capital of TCH (excluding TCH Treasury Shares) from time to time.

(iii) The aggregate number of TCH Shares in relation to which Options may be granted under the TCH ESOS to Controlling Shareholders and their Associates shall not exceed 25% of the TCH Shares available under the TCH ESOS, and the number of TCH Shares in relation to which an option may be granted under the TCH ESOS to each Controlling Shareholder or his Associate shall not exceed 10% of the TCH Shares available under the TCH ESOS.

(iv) Subject to adjustments made in accordance with the rules of the TCH ESOS ("TCH ESOS Rules"), the Exercise Price shall be as follows:

(a) in relation to options which are granted within the first (1st) anniversary of the Effective Date (being 1 January 2015), the Exercise Price shall be S$99.00[(1)] per TCH Share; and

(b) in relation to Options which are granted subsequent to the first (1st) anniversary of the Effective Date (i.e. on or after 1 January 2016), the Exercise Price shall be determined by the Board of Directors of TCH on the recommendation of the Committee on the Date of Grant, provided that such price shall not be lower than that set out in the above part (a) and shall in any case be at a premium to the net tangible asset ("NTA") value per TCH Share.

[(1)] The Exercise Price of S$99.00 per TCH Share is at a premium of approximately 2.5 times of the NTA value per TCH Share of approximately S$40.00 as at 31 December 2014 and was arrived at pursuant to negotiations between the Board of the Company and the board of directors of TCH.

(v) Subject to the TCH ESOS Rules and an occurrence of a liquidity event by Listing, Trade Sale or Business Sale (where the options which have not been exercised would be vested immediately), options granted to participants shall only vest on the Vesting Date. The Vesting Date falls on the third (3rd) anniversary date after the relevant date of the grant of the option. Please refer to the Company's Circular to shareholders dated 14 April 2015 for full definition of Liquidity Event.

Options granted to participants shall be exercisable at any time by a participant after the relevant Vesting Date, provided always that such options shall be exercised before the fifth (5th) anniversary of the relevant Vesting Date, or such earlier date as may be determined by the Committee, failing which, all unexercised options shall immediately lapse and become null and void, and a participant shall have no claim against the Company and/or TCH.

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An aggregate of 78,300 options have been granted under the TCH ESOS since its adoption up to the end of FY2019. No share options were granted at a discount in FY2019 and no options were granted to directors and controlling shareholders of the Company and their associates.

Details of options granted to participants who receive 5% or more of the total number of options available under the TCH ESOS have been set out below:

Name of participant	No. of options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review			Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
		Exercise Price (S$)	Validity	No. of Options		
Kevin Charles Barry	–	99	*	7,500	–	7,500
	–	120	*	6,250	–	6,250
	–	135	*	5,800	–	5,800
	–			19,550	–	19,550
Greggory John Piercy	–	99	*	7,500	–	7,500
	–	120	*	6,250	–	6,250
	–	135	*	5,800	–	5,800
	–			19,550	–	19,550
Victor Shkolnik	–	99	*	7,500	–	7,500
	–	120	*	6,250	–	6,250
	–	135	*	5,800	–	5,800
	–			19,550	–	19,550
Jiyuan Liu	–	99	*	6,000	–	6,000
	–	120	*	1,500	–	1,500
	–	135	*	1,500	–	1,500
	–			9,000	–	9,000
Michael James Stubbs	–	120	*	4,000	–	4,000
	–	135	*	4,000	–	4,000
	–			8,000	–	8,000

* All options were granted on 1 November 2018. The options granted will be exercisable from the 3rd anniversary after the relevant Date of Grant ("**Vesting Date**") or earlier upon a Liquidity Event[1] and will expire on the 5th anniversary of the relevant Vesting Date, or such earlier date as may be determined by the Compensation Committee of the Company.

Details of the options granted have been disclosed in the Directors' Statement on page 75.

[1] (a) the separate listing on a recognised stock exchange of TCH or its successor in title pursuant to any corporate reorganisation pursuant to an initial public offering, a reverse takeover or the merger with a listed entity; (b) a trade sale of more than 25% of the issued capital in TCH by way of transfer of existing TCH Shares and/or the issue of new TCH shares such that the new shareholder holds more than 25% of the issued capital in TCH; or (c) the completion of a sale or series of sales of all or substantially all of the assets and businesses of TCH to one or more third parties.

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ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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

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

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

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

The Board has also received assurance from the Chief Executive Officer and the Chief Financial Officer for FY2019 that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) after due review, including necessary discussion with the relevant key management personnel, the Group's risk management and internal control systems and procedures in place are effective and adequate in addressing governance, financial, operational, compliance, environmental and information technology risks of the Group and are operating satisfactorily.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the CEO and CFO; and the various Board Committees, the Board is of the opinion that the Group maintains a robust and effective risk management and internal control systems which were adequate in addressing governance, financial, operational, compliance, environmental and information technology risks as at the end of FY2019 and was concurred by the Audit Committee.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

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 Dileep Nair	(Member)

Mr Subramaniam has more than twenty-five years of public accounting experience and retired as a senior partner of one of the Big Four accounting firms. The Board has determined that he has adequate qualification and experience in accounting and financial management matters.

Mr Lee was a former Deputy Chief Executive Officer of the Singapore Trade Development Board and a key senior executive of a public listed company. The Board has determined that he has the necessary business background and experience and is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

Mr Nair has extensive experience having worked at various ministries of the Singapore Government, financial institutions as well as with International Agencies. He was Chief Executive Officer of Singapore's national savings bank, Post Office Savings Bank of Singapore and a Managing Director of DBS Bank Ltd where he had also served as Chairman of its Operational Risk Committee. He is an Independent Director and a member of the Audit and Risk Committee of Keppel DC REIT Management Pte. Ltd., the Manager of Singapore listed Keppel DC REIT and an Independent Director and the Chairman of the Audit Committee of Singapore listed Singapore Reinsurance Corporation Limited. The Board has determined that Mr Nair has the necessary business background and experience and is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

No former partner or director of the Company's existing auditing firm has acted as a member of the Company's Audit Committee.

The Audit Committee's Terms of Reference clearly set out its authority and duties. The terms of reference were last reviewed in November 2019. While focusing in particular on the areas of financial reporting, risk management and internal controls, the Audit Committee has been tasked to:

- to review the annual financial statements and the auditors' report thereon before they are presented to the Board;
- to review the announcements for the quarterly, half yearly and full year results and all other announcements relating to the Company's financial performance prior to the approval by the Board of Directors;
- to assess and provide a negative confirmation on the character and integrity of the CFO (or its equivalent rank) of the Company as and when required under the Listing Manual;
- to review and confirm the assurance from the CEO and the CFO on the financial records and financial statements;
- to discuss with the internal and external auditors, their audit plan, the nature, scope and methodology of their audit process and the results that can be expected to be attained and ensuring that the scope of the internal and external auditors' examination has not been restricted or influenced in any manner by Management;

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- to review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised;

- to review and recommend to the Board (i) proposals to shareholders on the appointment, re-appointment and removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

- to evaluate the performance of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by ACRA;

- to review at least annually the adequacy and effectiveness of the Company's internal controls, including governance, financial, operational, compliance, environmental and information technology controls, and risk management policies and systems established by Management;

- to review the appointment, termination, evaluation and remuneration of the head of the internal audit function, and ensure that internal audit function (i) is adequately resourced and staffed with competent personnel and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies; (ii) has unfettered access to all the Company's documents, records, properties and personnel, including the committee, and (iii) has appropriate standing within the Company and (iv) is independent of the activities it audits;

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

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

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

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

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

- to report to the Board how the committee has discharged its responsibilities and whether it was able to discharge its duties independently and to include a list of its activities set out under Practice Guidance 10 of the Code of Corporate Governance 2018 in its report to the Board;

- to review the policy and arrangements by which staff of the Company or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee shall ensure that arrangements are in place for such concerns to be raised independently investigated, and for appropriate follow-up actions to be taken;

- to follow up on any complaints received from staff members as a result of the Group's whistle blowing policy; and

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

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The Audit Committee has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation from the Management and been provided the reasonable resources to enable it 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 outsourced Internal Auditors ("IA") have unrestricted access to the Audit Committee and are present at all quarterly Audit Committee meetings. The Audit Committee meets with the external and the outsourced IA, without the presence of the Management, at least once a year.

The Audit Committee has met four times during FY2019 and details of their activities are disclosed in the Directors' Statement and has discharged its responsibility and duties independently. As part of its duties, the Audit Committee has reported to the Board:

(a) the significant issues and judgements that the Audit Committee considered in relation to the financial statements, and how these issues were addressed;

(b) the Audit Committee's assessment of the adequacy and effectiveness of internal controls and risk management systems;

(c) the Audit Committee's assessment of the adequacy, effectiveness and independence of the internal audit function;

(d) the Audit Committee's assessment of the independence and objectivity of the external auditors, taking into consideration the requirements under the Accountants Act (Chapter 2) of Singapore, including but not limited to, the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by Management to allow an effective audit;

(e) the Audit Committee's assessment of the quality of the work carried out by the external auditors, and the basis of such assessment, such as the use of ACRA's Audit Quality Indicators Disclosure Framework;

(f) during the year there were no matters advised through the whistle-blowing channel.

The aggregate amount of fees paid to the auditors, broken down into audit and non-audit services have been disclosed in the notes to financial statements. In accordance with its terms of reference and as required under Rule 1207(6)(b) of the Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors for FY2019 and confirmed that they would not, in the Audit Committee's opinion, affect the independence and objectivity of the auditors.

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

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

In addition, all directors and key executives of the Company provided a letter of undertaking pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

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Internal Audit

The internal audit function is outsourced to Ruihua Certified Public Accountants, Shanghai which has adequate resources of suitably qualified and experienced personnel and the staff assigned have the relevant qualifications and experience to meet the standards of the Institute of Internal Auditors. The outsourced IA's primary line of reporting is to the Chairman of the Audit Committee, with administrative reporting to the Chief Financial Officer. The appointment, termination, evaluation and fee of the outsourced IA are reviewed and approved by the Audit Committee.

The internal audit charter is approved by the Audit Committee and the outsourced internal audit function is independent of the functions it audits. It functions in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. In addition, the outsourced IA has appropriate standing within the Group.

The Audit Committee reviews the annual internal audit plans. 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 outsourced IA and accepted by the Audit Committee are monitored for implementation. The Audit Committee reviews the adequacy, effectiveness and the performance of the outsourced internal audit function annually. The Audit Committee is of the view that the outsourced internal audit function is adequately resourced, effective, independent of the functions it audits and has performed its function satisfactorily.

Key Audit Matters

The Audit Committee considered a number of key matters during the financial year ended 31 December 2019 taking into account all instances the views of the Company's external auditor.

The External Auditors reported on four Key Audit Matters in their audit report of the Group for the year ended 31 December 2019.

- Valuation of Inventories
- Valuation of Investment Properties
- Valuation of financial assets measured at fair value through income statement
- Valuation of debt instruments measured at fair value through income statement

The four matters all relate to the basis of valuation for each of the above class of assets for inclusion in the Group's statement of financial position. Note 3 to the financial statements sets out the key assumptions used to arrive at their respective valuations and the bases on which the valuations are included in the Group's financial statements.

The Audit Committee discussed with the External Auditors the four Key Audit Matters identified by them and noted that the Auditors were satisfied with the accounting treatment and disclosure in the financial statements relating to those items identified as Key Audit Matters. The Committee also reviewed with Management the assumptions and bases as set out in Note 3 and the methods used to arrive at the valuation for each type of assets.

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The Committee, after discussion with the External Auditors and Management, concluded that the methods used for estimating and arriving at the valuation of each of the above category of assets as well as the detailed disclosure were satisfactory and in compliance with the relevant accounting standards so as to present a true and fair view of the financial position of the Group as at 31 December 2019.

Whistle-blowing Policy

The Audit Committee has established and put in place a whistle-blowing policy and procedures to provide employees and any other person with well-defined and accessible channels within the Group, including direct communication via electronic mail and designated postal mailbox available only to the Audit Committee and outsourced IA, for reporting of 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 oversees the administration of the policy while the outsourced IA administers the policy. In addition to reporting upon the receipt of any complaint, the outsourced IA also furnishes quarterly reports to the Audit Committee stating the number and nature of complaints received, the results thereof, follow up action and the unresolved complaints, if any. Thereafter, summarised results and follow up measures are advised to the Board of Directors after review by the Audit Committee. The policy and procedures statement is reviewed annually by the Audit Committee and the approved document is circulated to employees after each annual review.

On 26 February 2020, the Audit Committee reviewed and approved the policy and procedures statement and did not recommend any changes to the document. The policy and procedures statement has been circulated to 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:

CORPORATE
GOVERNANCE REPORT

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the year ended 31 December 2019 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	Associate of controlling shareholder		
Purchases, net of returns		–	2,058
Sales, net of returns		–	855
Prime Trade Enterprises Limited	Controlling shareholder		
Issue of shares in subsidiaries		4,693	–
Thakral (Indo-China) Pte. Ltd.	Associate of controlling shareholder		
Issue of shares in subsidiaries		4,234	–

Dealings in Securities

The Company has adopted internal codes to comply with the requirements of the Listing Manual. Its officers are prohibited from dealing in the Company's securities during the period commencing (i) two weeks before the announcement of the Company's quarterly results and (ii) one month before the announcement of the Company's full year results, until after the release of the relevant results announcement for FY2019. With the cessation of quarterly reporting with effect from FY2020, the Company shall be reporting its results on half-year basis. Its officers are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year results, until after the release of the relevant results announcement. In the event where the Company releases its results in any quarter for the purpose of declaring dividend, or other reasons, its officers shall be prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of such quarterly results. The Company notifies its officers in advance of the commencement of each of the window closure periods. The internal code also highlights to its officers that it is an offence to deal in the securities of the Company while in possession of unpublished price sensitive information and discourages officers from dealing in the Company's securities on short-term considerations.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. It recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates such governance arrangements. It provides shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are entitled to receive the Company's Annual Report together with the relevant AGM notice to be updated on the annual performance of the Group and be notified to attend the AGM, either in person or be represented by proxy, to exercise their vote on resolutions proposed at the AGM. As part of the Company's continued effort to contribute to the protection of the environment, a digital version of the Company's Annual Report is accessible by shareholders through the Company's website. Shareholders may request to receive a printed copy of the Company's Annual Report at no additional cost. Shareholders are also notified of all general meetings through printed notices of general meetings mailed to them together with the proxy form at least 14 days in advance to provide ample time for them to make arrangement to attend and participate in all general meetings.

While the Company has considered providing longer notice period and to avoid scheduling meetings during peak periods when the meetings may coincide with those of other companies particularly for AGMs to enhance shareholder participation in general meetings, its corporate and finance team is constrained by the tight reporting deadline during the same season for annual report production, auditing, first quarter results and sustainability reporting.

Management makes an effort to present an update on the Company's performance, position and prospects to shareholders at the AGM, being the principal forum for dialogue with shareholders. All directors of the Company, save for any unanticipated circumstances, shall be present at the AGM and all general meetings to address queries from shareholders. Shareholders will therefore have the opportunity to exchange their views on the Group's affairs as well as address questions to the Board. The Chief Financial Officer and representatives of the external auditors are also present at the AGM to address shareholders' queries on the Group's financials, if required, at the invitation of the Chairman. Directors and where applicable, Management, also make themselves available before and after general meetings to interact with shareholders.

In the event that the shareholders are unable to attend the general meetings in person, the Company's Constitution allows such shareholders to appoint one or two proxies to attend and vote on their behalf. The Company's Constitution takes into consideration all requirements for compliance with the Companies Act as well as the Listing Manual, including allowing corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate at general meetings as proxies provided the grantor of the proxies is able to certify that the proxies have been duly appointed in accordance with the instructions of the beneficial owners of shares held through them and for shareholders who are CPF investors, with proper request submitted through their agent bank within the stipulated timeline, to attend and vote at the Company's general meetings. Though the Company's Constitution allows for absentia voting through mail, electronic mail or fax at general meetings of shareholders, the process has not been implemented in view of concerns over security, integrity and other related pertinent issues of such voting methods.

The Company ensures that the minutes of its general meetings have been prepared to include substantial and relevant queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. The minutes of the Company's general meetings are available for shareholders' inspection upon their request in accordance with the Company's Constitution and pursuant to any applicable legislation. Minutes of the Company's general meetings commencing from 2019 have also been made available on the Company's website.

CORPORATE GOVERNANCE REPORT

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. As recommended by the Code and as required by the Listing Manual, all resolutions at general meetings are voted by poll. The voting and polling procedures are read out to shareholders prior the carrying out each procedure during general meetings.

The Company has engaged electronic polling agent and has implemented compulsory polling for all resolutions at all its general meetings in accordance with the listing rule requirement. An independent scrutineer is also appointed to validate the vote tabulation procedures. The Company also announces through SGXNET the detailed results of the poll conducted at its general meetings showing the number of votes cast for and against each resolution and the respective percentages.

Dividend Policy

The Company aims to create a long-term sustainable dividend policy in the form of regular dividend payments to its shareholders while maintaining a balance between its dividend distributions and an efficient capital structure with adequate liquidity to meet the Group's working capital requirements and future operational and investment needs (the "Dividend Policy").

The Company's Dividend Policy is to declare and pay dividend twice a year, in line with its growth prospects. There will be two dividend payments by June and December of each financial year. The quantum of dividend will be at the discretion of the Board taking into consideration the overall cash and financial position, and future operational and investment needs of the Group. The Company's declaration and payment of dividends shall be determined at the sole discretion of the Board.

Total interim dividend of four cents per ordinary share has been paid for FY2019. The two interim dividends of two cents per ordinary share were paid on 30 August 2019 and 29 November 2019.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company recognises the importance of engaging in effective communications with its shareholders and is, at all times, committed to provide shareholders and the investing public, timely, relevant, transparent and quality information on its financial data, corporate strategies as well as material updates and developments of the Group. Hence, the Company has in place an investor relations policy to promote regular, effective and fair communication with shareholders whereby pertinent information can be regularly conveyed to shareholders. The investor relations policy was reviewed by the Board at its February 2020 meeting.

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

The contact details of the Company and its Investor Relations Agent are available on the Company's website to enable shareholders and investors to submit their enquiries through various means such as online submission, electronic mail, facsimile, telephone and post. The Lead Independent Director is contactable via his email which is available on the Company's website.

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

The Company's website is well maintained and updated on a timely basis. The website provides comprehensive and up to date information on the Group including its corporate profile, principal businesses, directors' profile, corporate milestones, its general announcements for up to the last one year, results announcements and annual reports for the past 3 years as well as analyst reports up to the past year. Details of the Company's share price and charts are currently accessible through SGX's website.

The Company, through its investor relations agency, organises briefing for its results announcement and major updates where appropriate. Such briefings are to explain and assist analysts and media to better understand the Group's results and business. From time to time, additional meetings or interviews with analysts and the media (either on a group or one-on-one basis) may be scheduled to provide updates on the Group's major developments. Where presentation slides are used at such briefings and all other meetings/interviews with analysts and media, these are released via SGXNET and uploaded on the Company's website.

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

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

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board recognises the importance of relationships with material stakeholders may have an impact on the Group's long-term sustainability. It adopts an inclusive approach by considering the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served.

As part of the Group's sustainability journey, the Group has arrangements in place to identify and engage its material stakeholder groups and to manage its relationship with such groups. The following table covers a list of key stakeholder groups, various methods of engagement, key issues raised, and how our Company's response to them during FY2019:

CORPORATE
GOVERNANCE REPORT

Stakeholder Group	Mode of Engagement	Frequency	Areas of Concern	How we Respond
Investors	• General Meetings • Press Releases • Public Conferences and Events • Publications • Email/Phone Enquiries and Feedback	• Annually • Quarterly • Ad Hoc	• Higher Financial Return • Property Management • Trend of beauty, wellness and lifestyle categories • Quality quarterly and ad hoc press releases • Relevant company announcements	• By forging strong ties with its shareholders and investors by rewarding them with positive returns through systematic corporate governance practices. • By being transparent with its shareholders and investors by publishing annual reports and sustainability reports on annual basis. • By communicating with them on a regular basis.
Regulators	• Surveys • Electronic Communications • Regulatory Submissions	• Annually • Quarterly • Ad Hoc	• High standards of corporate governance • Regulatory compliance	• By being highly committed to regulatory compliance. • By ensuring the Group is complying with all relevant existing regulatory requirements.
Customer	• Customer Feedback • Management • Summit, Trade Shows and Product Launches	• Frequent and on-going	• Market presence of the brand • Customer health and safety • Security of properties	• By ensuring customers are satisfied. • By ensuring customers' needs are always catered effectively through operational sustainability and high-quality business practices.
Suppliers	• Feedback via email/phone call/ meetings	• Frequent and on-going	• Procurement practices • Market practices • Customer health and safety	• By forming longstanding relationships with suppliers through effective communication between the Group and its suppliers.

CORPORATE GOVERNANCE REPORT

Stakeholder Group	Mode of Engagement	Frequency	Areas of Concern	How we Respond
Employees	• Performance Appraisal/Training	• Annually • Ad Hoc	• Competence development • Performance management • Fair employment practices	• By being committed in developing and supporting employees via relevant training programs.
Community	• Various Communication	• Ad Hoc	• Eco-friendly development • Electricity consumption • Comply with local requirements on environment	• By being committed in enhancing the living standards and health of the local communities through incorporating sustainability measures in its business model and being more environmentally conscious. • By being committed in supporting worthy social and community causes for the environments it operates in to contribute back to society and helping those in need in the local community.
Top Management	• Board and Ad Hoc Meetings	• Quarterly • Ad Hoc	• Economic performance • Indirect economic impacts	• By being highly committed in delivering strong results and enhance its business performance with sustainable business measures in place.

The Company's corporate website is well maintained and updated on a timely basis to allow for communication and engagement with all stakeholders.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 84 to 167 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019, and the financial performance, 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.

1 DIRECTORS

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

Natarajan Subramaniam	(Chairman)
Kartar Singh Thakral	
Inderbethal Singh Thakral	
Lee Ying Cheun	
Dileep Nair	
Bikramjit Singh Thakral	(Appointed January 2, 2020)

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

Neither at the end of the year nor at any time during the year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed in paragraphs 3 and 4 below.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company (ordinary shares)				
Kartar Singh Thakral	–	–	39,073,660	65,692,560
Inderbethal Singh Thakral	–	–	39,073,660	65,692,560
Bikramjit Singh Thakral	8,900	–	35,823,660	65,692,560
Subsidiary – Thakral Japan Properties Pte Ltd (ordinary shares)				
Kartar Singh Thakral	–	–	566,099	566,099
Inderbethal Singh Thakral	–	–	566,099	566,099
Bikramjit Singh Thakral	–	–	566,099	566,099
Subsidiary – TJP Pte Ltd (ordinary shares)				
Kartar Singh Thakral	–	–	–	2,117,581
Inderbethal Singh Thakral	–	–	–	2,117,581
Bikramjit Singh Thakral	–	–	–	2,117,581
Subsidiary – Thakral Umeda Properties Pte Ltd (ordinary shares)				
Kartar Singh Thakral	–	–	–	1,636,000
Inderbethal Singh Thakral	–	–	–	1,636,000
Bikramjit Singh Thakral	–	–	–	1,636,000

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

Mr Bikramjit Singh Thakral was an alternate director to Mr Kartar Singh Thakral before becoming a director on January 2, 2020.

The directors' interest in the share capital and debentures of the Company at January 21, 2020 were the same at December 31, 2019.

DIRECTORS'
STATEMENT

4 SHARE OPTIONS

(a) The Company does not have any share option scheme currently in effect.

(b) The Thakral Capital Holdings Pte Ltd (the "TCH") Employees' Share Option Scheme 2015 (the "TCH Scheme") was approved at an Extraordinary General Meeting on April 29, 2015. The members of the Compensation Committee administering the TCH Scheme during the year were Messrs Natarajan Subramaniam (Chairman), Lee Ying Cheun and Dileep Nair. No options were granted in 2019 under the TCH Scheme.

(c) The options relating to the TCH Scheme on ordinary shares of TCH and outstanding at the end of the year were as follows:

Date of grant	At beginning of year	Granted	At end of year	Exercise price per share	Exercisable period
November 1, 2018	30,000	–	30,000	S$99	November 1, 2021 to October 31, 2026
November 1, 2018	25,000	–	25,000	S$120	November 1, 2021 to October 31, 2026
November 1, 2018	23,300	–	23,300	S$135	November 1, 2021 to October 31, 2026
	78,300	–	78,300		

The options granted will be exercisable from the 3rd anniversary after the relevant Date of Grant ("Vesting Date") or earlier upon a Liquidity Event[1] and will expire on the 5th anniversary of the relevant Vesting Date, or such earlier date as may be determined by the Compensation Committee of the Company.

75,650 share options outstanding at the end of the year were granted to various grantees who each had received more than 5% of the options available under the TCH Scheme.

5 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
Lee Ying Cheun
Dileep Nair

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

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

[1] (a) The separate listing on a recognised stock exchange of TCH or its successor in title pursuant to any corporate reorganisation pursuant to an initial public offering, a reverse takeover or the merger with a listed entity; (b) a trade sale of more than 25% of the issued capital in TCH by way of transfer of existing TCH Shares and/or the issue of new TCH shares such that the new shareholder holds more than 25% of the issued capital in TCH; or (c) the completion of a sale or series of sales of all or substantially all of the assets and businesses of TCH to one or more third parties.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

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

(c) the audit plans and results of the audit of the external auditors;

(d) 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;

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

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

(g) the re-appointment of the external auditors of the Group.

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

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

6 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 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 167.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

I. Valuation of inventories

As at December 31, 2019, the Group has inventories amounting to S$9,647,000.

Inventories are to be carried at the lower of cost and net realisable value. In determining the net realisable value of the Group's inventories, an estimation is performed based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling prices or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Allowance has been made for certain products which have aged significantly and continue to sell slowly.

There is an inherent risk on valuation of inventories and allowance for aged inventories and/or products that may be approaching end-of-life requiring exercise of certain management judgement and estimate in determining the allowance for obsolescence.

Management reviews the inventory listing monthly and assesses the inventories on an item by item basis. This review also involves comparison of the carrying value of the inventory with the respective net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made based on the position as at December 31, 2019.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

I. Valuation of inventories (CONTINUED)

The Group has made disclosures on inventories in Note 10 to the financial statements.

Our audit procedures and responses thereon:

Audit procedures included the following:

(a) evaluated the design and implementation of relevant controls over valuation of inventories.

(b) attended year-end inventory counts to observe the existence of the inventory and if there were any damaged inventories.

(c) assessed the appropriateness of the allowance for inventories by evaluating the inventory allowance policy and methodology with reference to the historical accuracy of the allowance against actual losses.

(d) tested the inventories aging and recalculated the allowance for aged inventories against the Group's inventories allowance policy.

(e) tested the net realisable value of inventories by comparing to samples of sales transactions after period end. Where there were no subsequent sales, we verified to online selling prices of competitors.

Based on procedures performed, we noted management's assessment of allowance for inventories is reasonable. We have also assessed the appropriateness of the relevant disclosures included in the consolidated financial statements.

II. Valuation of investment properties

The Group's investment properties amounting to S$62,268,000, are stated at their estimated fair value.

The fair values of the Group's investment properties located in the People's Republic of China ("PRC"), Singapore and Australia are determined on the basis of valuations carried out at year end by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions.

There are inherent risks on fair value estimates which may differ from the prices and locations at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also certain estimates require an assessment of uncontrollable factors such as overall market conditions.

Management assessed that the fair values of the investment properties are reasonable and changes in fair values during the year have been properly accounted for.

The Group has made disclosures on investment properties in Note 12 to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

II. Valuation of investment properties (CONTINUED)

Our audit procedures and responses thereon:

Audit procedures included the following:

(a) assessed the competency, objectivity and capabilities of the independent professional valuers.

(b) evaluated management's internal assessment and the professional valuers' terms of appointment, scope of work and valuation methodology.

(c) reviewed management's internal assessments and independent valuation reports, discussed with the professional valuers and assessed the appropriateness of the significant judgements, estimates and assumptions used by management and valuers.

Based on procedures performed, we noted management's and valuers' key assumptions to be within the reasonable range of our expectations. We have also assessed the appropriateness of disclosures regarding the basis and hierarchy of fair value included in the consolidated financial statements.

III. Valuation of financial assets measured at fair value through income statement

As at December 31, 2019, the Group has unquoted investments classified as financial assets measured at fair value through income statement ("FVTIS") amounting to S$46,119,000.

The fair value of the financial assets measured at FVTIS is estimated based on the Group's share of the net asset values of the investees, which approximates its fair value as at the end of the reporting period. The investees' main assets are office, hotel and retail buildings in Japan which are leased to external parties. The fair values of these buildings have been determined on the basis of valuations carried out by external independent professional valuers.

The fair values have been determined based on discounted cash flows. The key judgements and estimates include discount rate, rental rate and capitalisation rate.

There are inherent risks on such fair value estimates which may differ from the prices and locations at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of uncontrollable factors, such as overall market conditions.

Management assessed that the fair values of the financial assets are reasonable and changes in fair values during the year have been properly accounted for.

The Group has made disclosures on these financial assets measured at FVTIS in Note 19 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

III. Valuation of financial assets measured at fair value through income statement (CONTINUED)

Our audit procedures and responses thereon:

Audit procedures included the following:

(a) reviewed the latest financial information of the investee and evaluated the recoverability of investment.

(b) assessed the competency, objectivity and capabilities of the independent professional valuers.

(c) evaluated management's internal assessment and professional valuers' terms of appointment, scope of work and valuation methodology.

(d) reviewed management's internal assessment and independent valuation reports, and assessed the appropriateness of the significant judgements, estimates and assumptions used by management and the professional valuers.

(e) verified that key information provided by management to the professional valuers was reasonable.

Based on procedures performed, we noted management's key assumptions and estimates to be within the reasonable range of our expectations. We have also assessed the appropriateness of disclosures regarding the basis and hierarchy of fair value of the investment included in the consolidated financial statements.

IV. Valuation of debt instruments measured at fair value through income statement

As at December 31, 2019, the Group has debt instruments amounting to S$52,626,000, which are extended to third parties and joint venture entities for development projects in Australia. These debt instruments earn fixed interest income on the principal amount and variable returns less withholding tax at the relevant rate.

Management assessed the terms of the contracts and concluded that the variable returns determined at each reporting period of the project are a component of the fair value for accounting purposes. Accordingly, the debt instruments are carried at FVTIS.

Judgements and estimates have been made with regard to the accounting for the variable returns which have been determined at the end of each reporting period. Changes in these estimates could affect the reported amounts of fair value changes and the fair value of the debt instruments.

There is also a risk that the debt instruments measured at FVTIS are not properly assessed for impairment and not recorded at net recoverable value. This assessment involves significant judgement and estimates including the projected profits, discount rates used which take into account sales risk, construction risks, settlement default risks and delay risks. This is also dependent on the progress of the property development projects and any indicators of project cost over-runs and losses that may affect the counterparties' ability to repay the debt instruments.

Management assessed that the fair values of the debt instruments are reasonable and changes in fair values during the year have been properly accounted for.

The Group has made disclosures on these debt instruments in Note 17 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

IV. Valuation of debt instruments measured at fair value through income statement (CONTINUED)

Our audit procedures and responses thereon:

Audit procedures included the following:

(a) reviewed the formula of the discounted cash flow model and reasonableness of assumptions on variable returns used in estimating the fair value of the debt instruments;

(b) reviewed management's basis of interest rates and compared against market rates;

(c) reviewed management's assessment of credit risk and recoverability of the debt instruments;

(d) verified to loan agreements and perform background search of the counterparties for new loans; and

(e) verified to project status reports to ascertain the progress of property development projects and any indicators of project costs over-runs and losses that may affect the counterparties' ability to repay the loans.

Based on procedures performed, we noted management's key assumptions and estimates to be within the reasonable range of our expectations. We have also assessed the appropriateness of the accounting treatment and disclosures included in the consolidated financial statements.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THAKRAL CORPORATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements (CONTINUED)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Rankin Brandt Yeo.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 30, 2020

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019

	Note	Group		Company	
		2019	2018	2019	2018
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances	7	**10,822**	11,510	**383**	944
Trade receivables	8	**8,493**	10,065	**–**	–
Other receivables and prepayments	9	**6,026**	7,623	**80**	71
Debts instruments measured at fair value through income statement	17	**35,193**	18,540	**–**	–
Inventories	10	**9,647**	24,180	**–**	–
Total current assets		**70,181**	71,918	**463**	1,015
Non-current assets					
Other receivables	9	**5,809**	1,695	**–**	–
Debts instruments measured at fair value through income statement/amortised cost	17	**19,540**	53,349	**–**	–
Property, plant and equipment	11	**1,879**	3,492	**27**	19
Right-of-use assets	13	**1,947**	–	**61**	–
Investment properties	12	**62,268**	66,489	**–**	–
Subsidiary corporations	14	**–**	–	**111,204**	115,980
Joint ventures	15	**9,576**	4,182	**–**	–
Associates	16	**61,337**	28,373	**–**	–
Derivative financial instrument	18	**–**	–	**–**	–
Financial assets measured at fair value through income statement	19	**46,120**	44,744	**–**	–
Total non-current assets		**208,476**	202,324	**111,292**	115,999
Total assets		**278,657**	274,242	**111,755**	117,014

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	20	**3,498**	3,999	**–**	–
Trust receipts	21	**10,268**	10,968	**–**	–
Bank and other borrowings	22	**21,487**	24,933	**178**	4,342
Lease liabilities	13	**1,319**	–	**42**	–
Other payables	23	**12,488**	16,789	**562**	444
Provisions	24	**2,999**	2,706	**52**	52
Income tax payable		**1,898**	3,082	**–**	–
Total current liabilities		**53,957**	62,477	**834**	4,838
Non-current liabilities					
Amount owing to subsidiary corporations	14	**–**	–	**12,515**	6,950
Bank and other borrowings	22	**12,417**	19,419	**–**	–
Lease liabilities	13	**547**	–	**20**	–
Deferred tax liability	25	**13,544**	10,593	**–**	–
Total non-current liabilities		**26,508**	30,012	**12,535**	6,950
Capital, reserves and non-controlling interests					
Issued capital	26	**72,579**	72,579	**72,579**	72,579
Reserves	27	**62,696**	59,563	**25,807**	32,647
Equity attributable to equity holders of the Company		**135,275**	132,142	**98,386**	105,226
Non-controlling interests	14	**62,917**	49,611	**–**	–
Total equity		**198,192**	181,753	**98,386**	105,226
Total liabilities and equity		**278,657**	274,242	**111,755**	117,014

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	29	**107,871**	157,124
Cost of sales		**(65,889)**	(105,461)
Gross profit		**41,982**	51,663
Other operating income	30	**3,621**	360
Distribution costs		**(9,171)**	(8,444)
Administration expenses		**(17,861)**	(17,544)
Other operating expenses		**(1,104)**	(1,615)
Share of profit of associate and joint ventures	15, 16	**13,216**	13,562
Finance income		**158**	67
Finance costs	31	**(3,318)**	(4,235)
Valuation losses on investment properties, net	12	**(3,160)**	(7,072)
Profit before income tax		**24,363**	26,742
Income tax	32	**(4,357)**	(6,503)
Profit for the year	33	**20,006**	20,239
Profit attributable to:			
Equity holders of the Company		**9,078**	9,297
Non-controlling interests		**10,928**	10,942
		20,006	20,239
Basic earnings per share (cents)	35	**6.94**	7.10
Diluted earnings per share (cents)	35	**6.94**	7.10

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2019

	Group	
	2019	2018
	S$'000	S$'000
Profit for the year	**20,006**	20,239
Other comprehensive (loss) income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus on transfer of property from property, plant and equipment to investment properties, net of tax	**467**	–
Items that may be reclassified subsequently to profit or loss		
Translation loss arising on consolidation	**(1,659)**	(4,375)
Other comprehensive loss for the year, net of tax	**(1,192)**	(4,375)
Total comprehensive income for the year	**18,814**	15,864
Total comprehensive income attributable to:		
Equity holders of the Company	**8,386**	5,338
Non-controlling interests	**10,428**	10,526
	18,814	15,864

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2019

	Issued capital	Capital reserve	Asset revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance at January 1, 2018	72,579	(9,207)	296	–	(2,530)	70,775	131,913	30,797	162,710
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	9,297	9,297	10,942	20,239
Other comprehensive loss for the year	–	–	–	–	(3,959)	–	(3,959)	(416)	(4,375)
Total	–	–	–	–	(3,959)	9,297	5,338	10,526	15,864
Transactions with owners, recognised directly in equity:									
Cash contributions from non-controlling shareholders in a subsidiary corporation	–	–	–	–	–	–	–	8,410	8,410
Dividends (Note 34)	–	–	–	–	–	(5,234)	(5,234)	–	(5,234)
Capital reserve arising from increase in shareholding of a subsidiary corporation	–	123	–	–	–	–	123	(123)	–
Recognition of share-based payments of a subsidiary corporation	–	–	–	2	–	–	2	1	3
Total	–	123	–	2	–	(5,234)	(5,109)	8,288	3,179
Balance at December 31, 2018	72,579	(9,084)	296	2	(6,489)	74,838	132,142	49,611	181,753

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2019

	Issued capital	Capital reserve	Asset revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance at January 1, 2019	72,579	(9,084)	296	2	(6,489)	74,838	132,142	49,611	181,753
Effects on adoption of SFRS(I) 16	–	–	–	–	–	(33)	(33)	(5)	(38)
Balance at January 1, 2019, restated	72,579	(9,084)	296	2	(6,489)	74,805	132,109	49,606	181,715
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	9,078	9,078	10,928	20,006
Other comprehensive income for the year	–	–	467	–	(1,159)	–	(692)	(500)	(1,192)
Total	–	–	467	–	(1,159)	9,078	8,386	10,428	18,814
Transactions with owners, recognised directly in equity:									
Cash contributions from non-controlling shareholders in a subsidiary corporation	–	–	–	–	–	–	–	4,674	4,674
Dividends (Note 34)	–	–	–	–	–	(5,234)	(5,234)	–	(5,234)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(1,795)	(1,795)
Recognition of share-based payments of a subsidiary corporation	–	–	–	14	–	–	14	4	18
Total	–	–	–	14	–	(5,234)	(5,220)	2,883	(2,337)
Balance at December 31, 2019	72,579	(9,084)	763	16	(7,648)	78,649	135,275	62,917	198,192

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2019

	Issued capital S$'000	Retained earnings S$'000	Total S$'000
Company			
Balance at January 1, 2018	72,579	40,977	113,556
Loss for the year, representing total comprehensive loss for the year	–	(3,096)	(3,096)
Transactions with owners, recognised directly in equity:			
Dividends (Note 34)	–	(5,234)	(5,234)
Balance at December 31, 2018	72,579	32,647	105,226
Effects on adoption of SFRS(I) 16	–	(2)	(2)
Balance at January 1, 2019, restated	72,579	32,645	105,224
Loss for the year, representing total comprehensive loss for the year	–	(1,604)	(1,604)
Transactions with owners, recognised directly in equity:			
Dividends (Note 34)	–	(5,234)	(5,234)
Balance at December 31, 2019	**72,579**	**25,807**	**98,386**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	Group	
	2019	2018
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	**24,363**	26,742
Adjustments for:		
Depreciation expense	**2,135**	294
Share of profit of associate and joint ventures	**(13,216)**	(13,562)
Dividend income from financial assets measured at FVTIS	**(1,567)**	(934)
Fair value gain on debt instruments	**(12,518)**	(21,566)
Fair value gain on financial assets	**(9,846)**	(5,305)
Interest expense	**3,318**	4,235
Interest income	**(158)**	(67)
Gain on disposal of investment properties	**(90)**	–
(Gain) Loss on disposal of property, plant and equipment	**(3,468)**	13
Valuation losses on investment properties, net	**3,160**	7,072
Unrealised loss on outstanding derivative financial instrument	**–**	212
Net unrealised foreign exchange loss	**273**	649
Share-based payment expenses	**18**	3
Provision for employee benefits	**549**	330
Allowance for inventories	**1,533**	2,592
Impairment loss recognised on trade receivables	**174**	115
Impairment loss recognised on other receivables	**42**	13
Operating cash flows before movements in working capital	**(5,298)**	836
Trade receivables	**1,296**	1,597
Other receivables and prepayments	**(6,055)**	(1,080)
Inventories	**12,808**	(3,076)
Trade and bills payables	**(468)**	237
Other payables and provisions	**(3,485)**	(758)
Cash used in operations	**(1,202)**	(2,244)
Income tax paid	**(3,245)**	(2,543)
Interest paid	**(5,334)**	(5,357)
Interest received	**201**	739
Net cash used in operating activities	**(9,580)**	(9,405)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	Group	
	2019	2018
	S$'000	S$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(226)**	(1,059)
Proceeds from disposal of property, plant and equipment	**4,588**	2
Investments in associates	**(25,556)**	(18,144)
Investments in joint ventures	**(87)**	(518)
Acquisition of a subsidiary corporation (Note A)	**–**	(9,000)
Dividend received from financial assets measured at FVTIS	**4,917**	1,458
Proceeds from disposal of financial assets measured at FVTIS	**8,255**	–
Additions to financial assets measured at FVTIS	**–**	(3,345)
Repayments of debt instruments measured at FVTIS – current and non-current	**58,509**	48,387
Additions to debt instruments measured at FVTIS – current and non-current	**(30,018)**	(25,164)
Proceeds from disposal of investment properties	**1,191**	–
Net cash generated from (used in) investing activities	**21,573**	(7,383)
FINANCING ACTIVITIES		
Dividends paid to non-controlling shareholders in a subsidiary corporation	**(1,795)**	(475)
Dividends paid	**(5,234)**	(5,234)
Cash contributions from non-controlling shareholders in subsidiary corporations	**4,674**	8,410
(Increase) Decrease in fixed deposits with maturities exceeding three months	**(82)**	2,244
(Increase) Decrease in pledged fixed deposits	**(33)**	6,154
Decrease in trust receipts	**(640)**	(391)
Increase in factoring loan	**204**	790
Repayments of lease liabilities	**(1,658)**	–
Increase in other loans	**15,444**	4,218
Repayments of other loans	**(21,120)**	(15,983)
Loans from banks (Note A)	**1,653**	1,102
Repayments of bank loans	**(4,100)**	(10,050)
Net cash used in financing activities	**(12,687)**	(9,215)
Net decrease in cash and cash equivalents	**(694)**	(26,003)
Cash and cash equivalents at beginning of year (Note 7)	**8,688**	34,911
Net effect of exchange rate changes in the balance of cash held in foreign currencies	**(88)**	(220)
Cash and cash equivalents at end of year (Note 7)	**7,906**	8,688

Note A:
In prior year, the Group acquired a subsidiary corporation with net assets mainly including a property of S$30,000,000 and bank borrowings of S$21,000,000.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1 GENERAL

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

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary corporations are disclosed in Note 14.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2019 were authorised for issue by the Board of Directors on March 30, 2020.

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 SFRS(I)s.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO
FINANCIAL STATEMENTS
DECEMBER 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations 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 corporations. 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 (CONTINUED)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

BUSINESS COMBINATIONS – Acquisitions of subsidiary corporations 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 at fair value, with changes in fair value 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 SFRS(I) 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits respectively*;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payments awards transactions of the acquirer are measured in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

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.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

By default, all other financial assets are subsequently measured at fair value through income statement (FVTIS).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTIS if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at FVTIS

Financial assets that do not met the criteria for being measured at amortised cost or FVTOCI are measured at FVTIS. Specifically:

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTIS. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTIS upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Changes in fair value are recognised in profit or loss and are included in the "revenue" line item. Fair value is determined in the manner described in Note 4(b)(v).

- Financial assets at FVTIS are measured at fair value as at each reporting date, with any fair value gains or losses recognised in the income statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line item "revenue". Changes in fair value are recognised in profit or loss and are included in the "revenue" line item. Fair value is determined in the manner described in Note 4(b)(v).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income/expenses" line item; and

- for financial assets measured at FVTIS that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income/expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and loan commitments. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the leisure goods and electronic equipment market and the residential properties construction industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group generally writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payment to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Trade and other payables (including amount owing to subsidiary corporations) are initially recognised at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the effect of discounting is immaterial.

Interest-bearing loans are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTIS and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income/expenses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTIS, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Group does not apply hedge accounting on derivative financial instruments.

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.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES (Before January 1, 2019)

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

The Group as lessor

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

The Group as lessee

Rentals 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.

LEASES (After January 1, 2019)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No depreciation is charged on freehold land.

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

The allocation of the cost of leasehold properties between land and buildings has been determined by an independent firm of professional valuers.

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

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

INVESTMENT PROPERTIES – 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 fair value. Gains or losses arising from changes in the fair value of the investment properties are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

ASSOCIATE AND JOINT VENTURE – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SHARE-BASED PAYMENTS – From time to time, the Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the options reserve.

Details of the determination of fair value of such options are disclosed in Note 28.

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Product sales.
- Fair value changes on debt instruments.
- Dividend income from financial assets measured at FVTIS.
- Management fee and service income.
- Rental income.
- Fair value changes on financial assets.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

The Group sells various beauty, wellness and lifestyle products to the wholesale market and directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered/shipped to the customer as per the terms of the sale, this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred or when the service is completed, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods or services.

Interest income

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

Dividend income

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

Management fees and service income

Management fee and service income is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental income

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

Fair value changes on debt instruments and financial assets

Fair value gains or losses are recorded on debt instruments and financial assets, on fair value measurement at each reporting date, with any gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

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

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

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

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiary corporations and interests in joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised 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 (CONTINUED)

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the accounting policies on derivative financial instruments above.

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

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

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

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 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

The following are the critical judgements, apart from those involving estimates (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Accounting for entities under TMK structure

In December 2019, the Group incorporated 2 new entities, Thakral Umeda Properties Pte Ltd and Nihon Property Investments Pte Ltd, with principal activity being investment holding companies to invest in a Japanese property through TMK Legal One ("TMK"), a Japan tokutei mokuteki kaisha. Due to the nature of the TMK structure, the Group is required to have more than 25% of common shares which would represent significant influence over TMK.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the entity's accounting policies (CONTINUED)

(i) Accounting for entities under TMK structure (CONTINUED)

The management has determined that the Group has significant influence over TMK by holding 33% common shares (include voting power, with no rights to dividends and residual assets).

TMK is accounted for as an associate company using the equity method with share of profits of 93.5% (43.9% preferred shares (include rights to dividends and residual assets) and 49.6% preferred shares (include rights to dividends and residual assets but no voting power) held indirectly in a Japanese vehicle through a TK (tokumei kumiai) operator which the Group does not have a right to control and the Group has agreed to delegate all authority to the TK operator which can only be lifted through the dissolution of the TMK).

Due to the complexity in ownership structure, management would have to exercise judgment to assess whether the Group has significant influence over the investments, and if this is a single investment. Therefore the classification of the investment, could have a material effect on the financial statements of the Group.

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.

(i) Allowances for inventories

As at December 31, 2019, the Group has inventories amounting to S$9,647,000 (2018: S$24,180,000).

Inventories are to be carried at the lower of cost or net realisable value. In determining the net realisable value of the Group's inventories, an estimation is performed based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling prices or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Allowance has been made for certain lifestyle products which have aged significantly and continue to sell slowly.

There is an inherent risk on valuation of inventories and allowance for aged inventories and/or products that may be approaching end-of-life requiring exercise of certain management judgement and estimates in determining the allowance for obsolescence.

The carrying amount of the Group's inventories is disclosed in Note 10.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (CONTINUED)

(ii) Impairment loss on trade and other receivables

The Group assesses at each reporting date the allowance required for its receivables. The Group considers factors such as the probability of significant financial difficulties of the debtor, historical defaults or significant delay in payments and economic conditions. Significant judgement is made by management in determining the amount and timing of future cash flows, estimated based on historical loss experience for assets with similar credit risk characteristics and any relevant forward-looking adjustments, including taking into consideration the credit-worthiness, past collection history, settlement arrangements, subsequent receipts and on-going dealings with the debtor.

The carrying amounts of the Group's trade and other receivables are disclosed in Notes 8 and 9 respectively.

(iii) Valuation of investment properties

The Group's investment properties amounting to S$62,268,000 (2018: S$66,489,000). Investment properties are stated at their estimated fair values.

The fair values of the Group's investment properties located in the People's Republic of China ("PRC"), Singapore and Australia have been determined on the basis of valuations carried out at year end by independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair values were determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions.

There are inherent risks on fair value estimates which may differ from the prices and locations at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of uncontrollable factors, such as overall market conditions.

Management assessed that the fair value of the investment properties are reasonable and changes in fair value during the year have been properly accounted for.

The carrying amounts of investment properties are disclosed in Note 12.

(iv) Valuation of financial assets measured at FVTIS

As at December 31, 2019, the Group has unquoted investment measured at FVTIS amounting to S$46,119,000 (2018: S$44,743,000).

The fair value of the financial assets measured at FVTIS is estimated based on the Group's share of the net asset value of the investee, which approximates its fair value as at the end of the reporting period. The investee's main assets are office, hotel and retail buildings in Japan which are leased to external parties.

The fair values of these buildings have been determined on the basis of valuations carried out by external independent professional valuers.

The fair values have been determined based on discounted cash flows. The key judgements and estimates include discount rate, rental rate and capitalisation rate.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (CONTINUED)

(iv) Valuation of financial assets measured at FVTIS (CONTINUED)

There are inherent risks on such fair value estimates which may differ from the prices and location at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of uncontrollable factors, such as overall market conditions.

Management assessed that the fair value of the financial assets is reasonable and changes in fair value during the year have been properly accounted for.

The Group has made disclosures on these financial assets measured at FVTIS in Note 19 to the financial statements.

(v) Valuation of debt instruments measured at FVTIS

As at December 31, 2019, the Group has debt instruments amounting to S$52,626,000 (2018: S$71,889,000) which are extended to third parties and the joint venture entities for development projects in Australia. These debt instruments earn fixed interest income on the principal amount and variable returns less withholding tax at the relevant rate.

The management has assessed the terms of the contracts and concluded that the variable returns determined at each reporting period of the project are a component of the fair value for accounting purposes. Accordingly, the debt instruments are carried at FVTIS.

Judgements and estimates have been made with regard to the accounting for the variable returns, which have been determined at the end of each reporting period. Changes in these estimates could affect the reported amounts of fair value changes and the fair value of the debt instruments.

There is also a risk that the debt instruments measured at FVTIS are not properly assessed for impairment and not recorded at net recoverable value. This assessment involves significant judgement and estimates including the projected profits, discount rates used which take into account sales risk, construction risks, settlement default risks and delay risks. This is also dependent on the progress of the property development projects and any indicators of project delays, cost over-runs and losses that may affect the counterparties' ability to repay the debt instruments.

Management assessed that the fair value of the financial assets is reasonable and changes in fair value during the year have been properly accounted for.

Further details of these debt instruments are disclosed in Note 17.

(vi) Impairment of investments in subsidiary corporations

Determining whether investments in subsidiary corporations are impaired requires an estimation of the recoverable amount of the investment in subsidiary corporations 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 subsidiary corporations which has been stated net of an impairment loss of S$120,658,000 (2018: S$113,117,000). The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiary corporations.

The carrying amounts of the Company's investments in subsidiary corporations are disclosed in Note 14.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Financial assets at amortised cost	**27,008**	28,341	**390**	951
Debt instruments at amortised cost	**2,107**	–	**–**	–
Debt instruments measured at FVTIS	**52,626**	71,889	**–**	–
Financial assets measured at FVTIS	**46,120**	44,744	**–**	–
Financial liabilities				
Lease liabilities	**1,866**	–	**62**	–
Payables, at amortised cost	**54,798**	69,055	**13,255**	11,736

The Group does not have any significant financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(b) *Financial risk management policies and objectives*

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

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated 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 debt instruments. Cash and cash equivalents are placed with credit-worthy financial institutions. Debt instruments, representing the Group's investments in real estate projects in Australia, are entered into following an in-depth due diligence process and only upon meeting the Group's investment criteria. The Group has adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Credit evaluations are performed on customers requiring credit over a certain amount. Where appropriate, security deposits, post-dated cheques, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

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

Further details of credit risks on trade receivables, other receivables and debt instruments measured at FVTIS which are provided to key management are disclosed in Notes 8, 9 and 17 respectively.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives* (CONTINUED)

(i) Credit risk management (CONTINUED)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has certain concentration of credit risk as approximately 53% (2018: 34%) of the total trade and other receivables (excluding advances to suppliers and prepayments) were due from the Group's ten largest customers.

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				S$'000	S$'000	S$'000
Group						
December 31, 2019						
Trade receivables	**8**	**(i)**	**Lifetime ECL (simplified approach)**	**9,449**	**(956)**	**8,493**
Other receivables	**9**	**(ii)**	**12m ECL**	**7,693**	**–**	**7,693**
					(956)	
December 31, 2018						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	10,913	(848)	10,065
Other receivables	9	(ii)	12m ECL	6,766	–	6,766
					(848)	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 includes further details on the loss allowance for trade receivables.

(ii) For other receivables, the Group has applied a 12-month ECL to measure the loss allowance. The counterparties generally have a low risk of default and do not have any past-due amounts.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives* (CONTINUED)

(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. The interest-bearing bank deposits and borrowings of the Group are disclosed in Notes 7, 21 and 22. As certain rates are based on interbank offer rates, the Group is exposed to cash flow interest rate risk. This risk is not hedged.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for 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 before tax for the year ended December 31, 2019 of the Group would decrease/increase by S$48,000 (2018: S$67,000).

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

(iii) Foreign exchange risk management

The Group transacts business in various foreign currencies that are not the functional currencies of the transacting subsidiary corporations, including the United States dollar, Hong Kong dollar, Japanese Yen and Australian dollar. The Group is therefore exposed to foreign exchange risk. Foreign exchange exposures are monitored by management on an ongoing basis. Foreign currencies received are kept in foreign currency accounts and are converted to the respective functional currencies of the Group companies on an as-needed basis so as to manage the foreign exchange exposure.

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

Management enters into foreign exchange options to manage foreign exchange rate risk. The Group's commitments on such options are disclosed in Note 18. The Group does not currently designate its foreign currency accounts or commitments as hedged items for the purpose of measuring hedge effectiveness and hedging the translation of its foreign operations in accordance with SFRS(I) 9 *Financial Instruments*.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (CONTINUED)

(iii) Foreign exchange risk management (CONTINUED)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities, after excluding monetary items treated as part of net investment in a foreign operation, denominated in significant currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollar	**10,423**	11,774	**16,743**	16,738	**22**	21	**–**	–
Hong Kong dollar	**854**	33	**5,406**	14,313	**14**	15	**81,626**	73,142
Australian dollar	**465**	4,336	**1,662**	–	**350**	–	**–**	–
Japanese yen	**1,070**	1,740	**1,315**	492	**713**	3,298	**585**	1,575

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

Foreign currency sensitivity

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

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

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	**638**	494	**453**	1,433	**25**	(125)	**121**	(429)
Other equity	**(6)**	2	**2**	(5)	**–**	1	**(1)**	(5)
Company								
Profit for the year	**(2)**	(2)	**8,161**	7,313	**(13)**	(172)	**(35)**	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives* (CONTINUED)

(iii) Foreign exchange risk management (CONTINUED)

Foreign currency sensitivity (CONTINUED)

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

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	**(638)**	(494)	**(453)**	(1,433)	**(25)**	125	**(121)**	429
Other equity	**6**	(2)	**(2)**	5	**–**	(1)	**1**	5
Company								
Profit for the year	**2**	2	**(8,161)**	(7,313)	**13**	172	**35**	–

The Group's sensitivity to foreign currencies have increased in relation to the United States dollar during the current year mainly due to the increase in trade and bills payable denominated in United States dollars outstanding as at the end of the year.

The Group's foreign currency sensitivity in relation to the Australian dollar have decreased in the year due to lower inter-company balances denominated in Australian dollars.

The Group's foreign currency sensitivity in relation to the Hong Kong dollar have decreased in the year due to lower inter-company balances denominated in Hong Kong dollars.

The Group's foreign currency sensitivity in relation to the Japanese yen is not significant.

(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 cash flow 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 bank and other borrowings for working capital purposes.

Non-derivative financial liabilities

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

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (CONTINUED)

(iv) Liquidity risk management (CONTINUED)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
December 31, 2019						
Non-interest bearing	**–**	**10,626**	**–**	**–**	**–**	**10,626**
Lease liabilities (fixed rate)	**4.53**	**1,382**	**564**	**–**	**(80)**	**1,866**
Variable interest rate instruments	**3.75**	**2,606**	**7,411**	**–**	**(367)**	**9,650**
Fixed interest rate instruments	**4.32**	**28,460**	**7,564**	**–**	**(1,502)**	**34,522**
		43,074	**15,539**	**–**	**(1,949)**	**56,664**
December 31, 2018						
Non-interest bearing	–	13,735	–	–	–	13,735
Variable interest rate instruments	4.57	4,257	9,824	–	(627)	13,454
Fixed interest rate instruments	5.36	33,340	10,814	–	(2,288)	41,866
		51,332	20,638	–	(2,915)	69,055
Company						
December 31, 2019						
Lease liabilities (fixed rate)	**4.40**	**43**	**21**	**–**	**(2)**	**62**
Non-interest bearing	**–**	**562**	**6,618**	**–**	**–**	**7,180**
Fixed interest rate instruments	**1.43**	**265**	**5,897**	**–**	**(87)**	**6,075**
		870	**12,536**	**–**	**(89)**	**13,317**
December 31, 2018						
Non-interest bearing	–	444	5,383	–	–	5,827
Fixed interest rate instruments	5.67	4,677	1,656	–	(424)	5,909
		5,121	7,039	–	(424)	11,736

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 37, if the full outstanding guaranteed amount is claimed by the counterparty to the guarantee, is S$39,273,000 (2018: S$32,642,000). The earliest period that the guarantee could be called is within 1 year (2018: 1 year) from the end of the reporting period. The Company considers that it is more likely that no amount will be payable under the arrangement.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (CONTINUED)

(iv) Liquidity risk management (CONTINUED)

Derivative financial instruments

The fair value of the derivative financial instrument was Nil as at December 31, 2019 and December 31, 2018 and the instrument expired on January 13, 2020.

(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 following financial instruments are measured at fair value:

	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
Group				
December 31, 2019				
Debt instruments measured at FVTIS	**–**	**–**	**52,626**	**52,626**
Financial assets measured at FVTIS:				
– Unquoted investments	**–**	**–**	**46,119**	**46,119**
– Club debenture	**–**	**–**	**1**	**1**
December 31, 2018				
Debt instruments measured at FVTIS	–	–	71,889	71,889
Financial assets measured at FVTIS:				
– Unquoted investments	–	–	44,743	44,743
– Club debenture	–	–	1	1

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

Please refer to Notes 17, 18 and 19 for further information on the fair value of debt instruments, derivative financial instrument and unquoted investment respectively.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives* (CONTINUED)

(v) Fair value of financial assets and financial liabilities (CONTINUED)

Financial assets measured at fair value based on level 3

	Financial assets measured at FVTIS S$'000	Debt instruments measured at FVTIS S$'000
Group		
As at December 31, 2017	34,242	–
Effects on adoption of SFRS(I) 9	–	79,817
Additions	3,345	25,164
Repayments	–	(48,387)
Fair value gain for the year	5,305	21,566
Translation adjustment	1,852	(6,271)
As at December 31, 2018	44,744	71,889
Additions	–	28,125
Repayments	(8,255)	(58,509)
Fair value gain for the year	9,846	12,295
Translation adjustment	(215)	(1,174)
As at December 31, 2019	**46,120**	**52,626**

Company

The Company had no financial assets or liabilities carried at fair value in 2018 and 2019.

There were no significant transfers between the various levels of the fair value hierarchy during the year.

(vi) Equity price risk management

The Group is exposed to equity risks arising from unquoted investment classified as financial assets measured at FVTIS. The investments are held for long-term rather than trading purposes. The Group does not actively trade financial assets measured at FVTIS. Further details of its financial assets measured at FVTIS are disclosed in Note 19.

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 FVTIS, if the significant inputs (as disclosed in Note 19) to the valuation model had been 3% higher or lower while all other variables were held constant, the profit before tax for the year would increase or decrease by S$3,097,000 (2018: S$2,923,000) respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) *Capital 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 21 and 22 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 26 and 27. The Group monitors capital using a gearing ratio, which is total debt divided by equity. As at December 31, 2019, the Group's gearing ratio is 0.34 (2018: 0.42).

Two subsidiary corporations of the Company are required to maintain a minimum net worth level in order to comply with a covenant for trade finance facilities from banks. All subsidiary corporations are in compliance with externally imposed capital requirements for the years ended December 31, 2018 and 2019.

The review of the Group's capital management policies and objectives is conducted by the Audit Committee and the Board. The Group's overall strategy remains unchanged from 2018.

5 RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Prime Trade Enterprises Limited, incorporated in the British Virgin Islands, by virtue of its 50.2% shareholding in the Company. The ultimate controlling party is Thakral Group Limited, incorporated in Singapore, whose interest in the Company is held through Prime Trade Enterprises Limited. The parent companies do not prepare consolidated financial statements available for public use.

Some of the Company's transactions and arrangements are with the subsidiary corporations 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 subsidiary corporations are unsecured, interest-free and repayable on demand except for interest-bearing loans with subsidiary corporations which are considered as non-current as disclosed in Note 14.

Transactions between the Company and its subsidiary corporations have been eliminated on consolidation and are therefore not disclosed in this note.

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Balances with related parties are unsecured, interest-free and repayable on demand, except for interest-bearing loans as disclosed in Note 22 for co-investment in debt instruments.

NOTES TO FINANCIAL STATEMENTS

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6 RELATED PARTY TRANSACTIONS (CONTINUED)

Significant transactions with related parties (ie. companies in which directors have interest) were as follows:

	2019		2018	
	The Company	Subsidiary corporations of the Company	The Company	Subsidiary corporations of the Company
	S$'000	S$'000	S$'000	S$'000
Sales, net of returns	–	1,031	–	833
Purchases, net of returns	–	(2,682)	–	(10,199)
Acquisition of a subsidiary corporation	–	–	(9,000)	–
Service fees income	–	7	–	45
Service fees paid	–	(26)	–	(63)
Commission paid	–	(3)	–	(26)
Interest expenses	(38)	(260)	(124)	(305)
Rental income	–	1,221	–	610
Lease payments under operating lease	(18)	(59)	(40)	(70)
Issue of shares	–	8,927	–	–

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

Compensation of directors and key management personnel

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

	Group	
	2019	2018
	S$'000	S$'000
Short-term benefits	6,477	6,345
Post-employment benefits	15	15
	6,492	6,360

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

7 CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	S$'000	**S$'000**	**S$'000**	**S$'000**
Fixed deposits	**163**	103	**–**	–
Pledged fixed deposits	**2,759**	2,743	**–**	–
Cash and bank balances	**7,900**	8,664	**383**	944
Current	**10,822**	11,510	**383**	944
Less:				
Fixed deposits with maturities exceeding three months	**(157)**	(79)	**–**	–
Fixed deposits that have been placed with banks against trust receipts	**(2,759)**	(2,743)	**–**	–
Cash and cash equivalents	**7,906**	8,688	**383**	944

Fixed deposits bear interest at an average effective interest rate of 2.44% (2018: 0.95%) per annum and are for a weighted average tenure of approximately 276 days (2018: 196 days).

8 TRADE RECEIVABLES

	Group	
	2019	2018
	S$'000	**S$'000**
Trade receivables	**9,304**	10,043
Management fee and other service income receivable	**145**	870
Loss allowance	**(956)**	(848)
	8,493	10,065

The average credit period on sale of goods is 31 days (2018: 25 days). No interest is charged on the overdue trade receivables. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

NOTES TO FINANCIAL STATEMENTS

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8 TRADE RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group					
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
December 31, 2019						
Expected credit loss rate	**3.00%**	**2.89%**	**3.19%**	**6.10%**	**71.84%**	
Estimated total gross carrying amount at default	**6,134**	**1,382**	**878**	**82**	**973**	**9,449**
Lifetime ECL	**(184)**	**(40)**	**(28)**	**(5)**	**(699)**	**(956)**
						8,493
December 31, 2018						
Expected credit loss rate	0.07%	0.37%	7.21%	3.94%	49.80%	
Estimated total gross carrying amount at default	7,260	1,082	818	203	1,550	10,913
Lifetime ECL	(5)	(4)	(59)	(8)	(772)	(848)
						10,065

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	Lifetime ECL – not credit-impaired		Lifetime ECL – credit-impaired	Total
	Collectively assessed	Individually assessed		
	S$'000	S$'000	S$'000	S$'000
Balance as at January 1, 2018	–	16	753	769
Net re-measurement of loss allowance	–	110	5	115
Amounts written off	–	–	(39)	(39)
Translation adjustment	–	–	3	3
Balance as at December 31, 2018	–	126	722	848
Net re-measurement of loss allowance	–	98	76	174
Amounts written off	–	–	(56)	(56)
Translation adjustment	–	–	(10)	(10)
Balance as at December 31, 2019	**–**	**224**	**732**	**956**

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group's trade receivables that are past due at the reporting date but not impaired relates to debtors where there is no change in credit quality of these customers as the Group had assessed them to be recoverable based on past payment history, ongoing dealings and settlement arrangements, including subsequent receipts after year-end.

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9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Other receivables				
Advances to suppliers	**2,606**	1,085	**–**	–
Loss allowance for other receivables	**–**	(194)	**–**	–
Total advances to suppliers, net of allowances	**2,606**	891	**–**	–
Deposits	**949**	806	**7**	7
VAT/Tax recoverable	**935**	927	**4**	2
Prepayments	**601**	734	**69**	62
Interest receivable	**17**	62	**–**	–
Dividend receivable	**–**	3,337	**–**	–
Advances to joint ventures	**3,820**	863	**–**	–
Loan to an associate	**1,115**	373	**–**	–
Others	**1,792**	1,325	**–**	–
Total	**11,835**	9,318	**80**	71
Less: Non-current other receivables	**(5,809)**	(1,695)	**–**	–
Classified as current other receivables and prepayments	**6,026**	7,623	**80**	71

Included in advances to suppliers is an amount of S$250,000 (2018: S$9,000) advanced to related parties (Note 6). No allowance has been made against this amount.

Included in other receivables are advances to suppliers with a carrying amount of S$Nil (2018: S$194,000). Full provision was made on these advances to suppliers from whom recovery is not expected, and are individually determined to be impaired at the reporting date.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

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9 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movements in loss allowances for other receivables were as follows:

	Group	
	2019	2018
	S$'000	S$'000
Balance at beginning of year	**194**	300
Translation adjustment	**1**	7
Charge for the year	**42**	13
Amounts written-off	**(237)**	(126)
Balance at end of year	**–**	194

10 INVENTORIES

	Group	
	2019	2018
	S$'000	S$'000
Finished goods and goods for resale	**9,647**	24,180

The cost of inventories recognised as an expense includes a charge of S$1,533,000 (2018: S$2,592,000) in respect of allowance for adjustment in carrying value of inventories to net realisable value.

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11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements, furniture and fixtures and office equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Cost:					
At January 1, 2018	1,227	464	3,502	891	6,084
Translation adjustments	59	8	(73)	(27)	(33)
Additions	–	–	638	421	1,059
Acquired on acquisition of a subsidiary corporation	–	790	–	–	790
Disposals	–	–	(234)	(52)	(286)
At December 31, 2018	1,286	1,262	3,833	1,233	7,614
Translation adjustments	(5)	(3)	(71)	(27)	(106)
Transfer to investment properties (Note 12)	–	(469)	–	–	(469)
Additions	–	–	214	12	226
Disposals	(1,281)	–	(140)	(114)	(1,535)
At December 31, 2019	–	790	3,836	1,104	5,730
Accumulated depreciation:					
At January 1, 2018	141	155	2,572	795	3,663
Translation adjustments	7	3	(65)	(24)	(79)
Depreciation	14	11	210	59	294
Disposals	–	–	(217)	(50)	(267)
At December 31, 2018	162	169	2,500	780	3,611
Translation adjustments	(1)	(1)	(53)	(19)	(74)
Transfer to investment properties (Note 12)	–	(167)	–	–	(167)
Depreciation	8	18	405	91	522
Disposals	(169)	–	(88)	(111)	(368)
At December 31, 2019	–	19	2,764	741	3,524
Impairment:					
At January 1, 2018	–	173	352	–	525
Translation adjustments	–	3	(13)	–	(10)
Disposals	–	–	(4)	–	(4)
At December 31, 2018	–	176	335	–	511
Translation adjustments	–	(1)	(8)	–	(9)
Transfer to investment properties (Note 12)	–	(175)	–	–	(175)
At December 31, 2019	–	–	327	–	327
Carrying amount:					
At December 31, 2019	–	771	745	363	1,879
At December 31, 2018	1,124	917	998	453	3,492

Freehold land and buildings included the cost of freehold land of JPY67.1 million (S$834,000) as at December 31, 2018, which was not subject to depreciation.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In prior years, the Group made payment in full to secure the right-of-use of certain leasehold land and buildings amounting to S$771,000 (2018: S$917,000). These right-of-use assets are presented within property, plant & equipment.

	Leasehold improvements, furniture and fixtures and office equipment
	S$'000
Company	
Cost:	
At January 1, 2018	135
Additions	15
Disposals	(2)
At December 31, 2018	148
Additions	15
At December 31, 2019	163
Accumulated depreciation:	
At January 1, 2018	125
Depreciation	6
Disposals	(2)
At December 31, 2018	129
Depreciation	7
At December 31, 2019	136
Carrying amount:	
At December 31, 2019	27
At December 31, 2018	19

12 INVESTMENT PROPERTIES

	Group	
	2019	2018
	S$'000	S$'000
Freehold land and buildings:		
– Australia	**29,053**	33,828
Leasehold land and buildings:		
– Singapore	**29,697**	29,697
– People's Republic of China ("PRC")	**3,518**	2,964
	62,268	66,489

12 INVESTMENT PROPERTIES (CONTINUED)

Movements in investment properties were as follows:

	Group	
	2019	2018
	S$'000	S$'000
Balance at beginning of year	**66,489**	47,533
Acquired on acquisition of a subsidiary corporation	**–**	29,210
Transfer from property, plant and equipment (Note 11)	**630**	–
Disposals	**(1,101)**	–
Valuation losses for the year recognised in profit or loss, net	**(3,160)**	(7,072)
Translation adjustment	**(590)**	(3,182)
Balance at end of year	**62,268**	66,489

During the year, the Group recognised valuation losses on investment properties amounting to S$3,160,000 (2018: S$7,072,000) in profit or loss.

The property rental income from the Group's investment properties (including assets held for sale) leased out under operating leases amounted to S$6,946,000 (2018: S$8,875,000). Direct operating expenses (including repairs and maintenance) arising from the properties that generated rental income during the year amounted to S$782,000 (2018: S$587,000).

As at December 31, 2019, the Group has pledged investment properties having a carrying amount of approximately S$58,750,000 (2018: S$63,525,000) to secure banking facilities granted to the Group.

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

Description and location	Existing use	Leasehold or freehold	Tenure and unexpired lease term
Dongshan Plaza, Guangzhou, PRC	Office	Leasehold	26 years till January 23, 2045
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	48 years till January 5, 2067
20 Upper Circular Road #03-06, The Riverwalk, Singapore	Office	Leasehold	60 years till December 14, 2079
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A.

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12 INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of the Group's investment properties in the PRC, Singapore and Australia

The fair values of the Group's investment properties in the PRC, Singapore and Australia at December 31, 2019 have been determined on the basis of valuations carried out by independent firms of professional valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique from prior year except for the Group's investment property in Australia. The change in valuation technique is due to the investment properties previously being held for rent, is now held for both sale and rent.

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

Details of valuation techniques and significant unobservable inputs used in the fair value measurement are as follows:

Description	Fair value 2019	Fair value 2018	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Office properties	**31,696**	31,155	Direct comparison approach	Price per square meter (1)	S$3,807 – S$17,281 (2018: S$4,080 – S$17,281)
Residential properties	**1,519**	1,506	Direct comparison approach	Price per square meter (1)	S$1,721 – S$1,722 (2018: S$1,706 – S$1,707)
Residential properties	**29,053**	33,828	Direct comparison approach	Selling prices per unit (1)	S$273,947 – S$325,902 (2018: S$285,347 – S$343,891)

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

12 INVESTMENT PROPERTIES (CONTINUED)

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

The fair values of the Group's investment properties at December 31, 2018 was determined by management based on discounted cash flows. In estimating the fair value of the properties, the highest and best use of the properties was their current use.

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

Description	Fair value 2018	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000			
Residential properties	33,828	Discounted cash flows	Selling prices per unit (1) Discount rates (2)	2018: S$285,347 – S$343,891 2018: 10% – 11.25%

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

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

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases several assets including office space, apartments and warehouses. The average lease term is 3 years (2018: 2 years).

	Office space	Apartments	Warehouses	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Cost:					
At January 1, 2019	3,018	347	938	–	4,303
Additions	101	341	–	86	528
Disposal	(265)	–	–	–	(265)
At December 31, 2019	2,854	688	938	86	4,566
Accumulated depreciation:					
At January 1, 2019	753	215	75	–	1,043
Depreciation	948	174	472	19	1,613
Disposal	(37)	–	–	–	(37)
At December 31, 2019	1,664	389	547	19	2,619
Carrying amount:					
At December 31, 2019	1,190	299	391	67	1,947

The expired contracts were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of S$0.5 million in 2019.

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13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

	Office space
	S$'000
Company	
Cost:	
At January 1, 2019	122
Additions	–
At December 31, 2019	122
Accumulated depreciation:	
At January 1, 2019	20
Depreciation	41
At December 31, 2019	61
Carrying amount:	
At December 31, 2019	61

Lease liabilities

	2019	
	Group	Company
	S$'000	S$'000
Maturity analysis:		
Year 1	1,382	43
Year 2	458	21
Year 3	106	–
Less: Unearned interest	(80)	(2)
	1,866	62
Analysed as:		
Current	1,319	42
Non-current	547	20
	1,866	62

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

14 SUBSIDIARY CORPORATIONS

	Company	
	2019	2018
	S$'000	S$'000
Unquoted equity shares, at cost	**306,557**	296,263
Amounts owing to subsidiary corporations (non-trade)	**(77,465)**	(70,007)
Cost of investment held by the Company	**229,092**	226,256
Amounts owing by subsidiary corporations (non-trade)	**2,770**	2,841
Less: Impairment loss	**(120,658)**	(113,117)
	111,204	115,980
Amount owing to subsidiary corporations (non-trade)	**(12,515)**	(6,950)

Management has assessed that intercompany amounts owing by the Company to its wholly-owned subsidiary, Thakral Corporation (HK) Limited ("TCHK"), of S$77,465,000 (2018: S$70,007,000) as at December 31, 2019 arising primarily from Group restructuring exercise involving the Company and TCHK are not expected to be repaid in the foreseeable future and therefore treated as deemed capital reduction and offset against the cost of investment in TCHK.

Movements in impairment loss for investments in subsidiary corporations and allowance for amounts owing by subsidiary corporations were as follows:

	Company	
	2019	2018
	S$'000	S$'000
Balance at beginning of year	**113,117**	99,373
Impairment loss for investment in subsidiary corporations	**7,541**	13,744
Balance at end of year	**120,658**	113,117

Management has made an additional impairment loss of S$7,541,000 (2018: S$13,744,000) for certain subsidiary corporations based on an assessment of their recoverable values, which is fair value less costs to sell. The net impairment in 2019 occurred mainly as a result of the decrease in the net asset values of certain subsidiary corporations from a combination of operational losses and changes in exchange rates of the currencies in which their net assets are denominated.

Amounts owing by subsidiary corporations (non-trade) include a loan of S$1,561,000 (2018: S$1,567,000) which bears interest at 2.25% (2018: 2.25%) per annum and is denominated in Japanese Yen. The remaining amounts are interest-free and mainly denominated in Japanese yen.

Amounts owing to subsidiary corporations (non-trade) include a loan of S$5,897,000 (2018: S$1,567,000) which bears interest at 1.27% (2018: 2%) per annum and is denominated in Japanese Yen. The remaining amounts are interest-free and mainly denominated in Hong Kong dollars.

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

The principal subsidiary corporations of the Company and the Group are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company 2019	2018	Effective equity interest held by the Group 2019	2018	Principal activities
		S$'000	S$'000	%	%	
Thakral Corporation (HK) Limited [2]	Hong Kong	**152,173**	159,631	**100**	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Brothers Ltd [1]	Japan	**7,543**	7,543	**100**	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Lifestyle Pte Ltd	Singapore	**7,716**	7,716	**100**	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Capital Holdings Pte Ltd	Singapore	**30,612**	30,612	**75**	75	Investment holding
Thakral Realty (S) Pte Ltd	Singapore	**9,000**	9,000	**100**	100	Investment holding
TJP Pte Ltd	Singapore	**15,433**	11,741	**53**	53	Investment holding
Thakral Umeda Properties Pte Ltd [5]	Singapore	**6,602**	–	**56**	–	Investment holding
Thakral China Ltd [3]	People's Republic of China	*	*	**100**	100	Investment holding and marketing and distributing beauty, wellness and lifestyle products
Thakral Beauty (Shanghai) Ltd (formerly known as Thakral Electronics (Shanghai) Ltd) [3]	People's Republic of China	*	*	**100**	100	Marketing and distributing beauty, wellness and lifestyle products

14 SUBSIDIARY CORPORATIONS (CONTINUED)

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company 2019	Cost of investment held by the Company 2018	Effective equity interest held by the Group 2019	Effective equity interest held by the Group 2018	Principal activities
		S$'000	S$'000	%	%	
TCAP Pte Ltd	Singapore	*	*	**75**	75	Investment holding
Thakral Capital Investments Ltd (2)	Hong Kong	*	*	**75**	75	Investment holding
Thakral Capital Australia Pty Ltd (4)	Australia	*	*	**75**	75	Origination, execution, and management of investment opportunities
SJ Property Investments Pte Ltd	Singapore	*	*	**53**	53	Investment holding
Nihon Property Investments Pte Ltd (5)	Singapore	*	–	**56**	–	Investment holding
LNG Trust (5)	Australia	*	*	**75**	75	Property development
LNG Trust No. 2 (5)	Australia	*	*	**75**	75	Property development
Thakral Japan Properties Pte Ltd	Singapore	*	*	**50.6**	50.6	Investment holding
TCAP Partners Pty Ltd (6)	Australia	*	*	**75**	75	Investment holding

• Held by subsidiary corporations

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

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

(1) Audited by Matsui C.P.A. Office, Japan
(2) Audited by Moore Stephens CPA Limited, Hong Kong
(3) Audited by Da Hua Certified Public Accountants (2018: Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd. for Thakral China Ltd and other member firm of Deloitte & Touche LLP for Thakral Beauty (Shanghai) Ltd)
(4) Not required to be audited by law in country of incorporation
(5) Audited by Deloitte & Touche LLP, Singapore for purposes of consolidation (2018: Deloitte & Touche LLP, Brisbane)
(6) Audited by Thomas Noble & Russell, Australia

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiary corporations	
		2019	**2018**
Investments	Hong Kong	**1**	1
	Singapore	**1**	1
Marketing and distributing beauty, wellness and lifestyle products	Singapore	**1**	1
	China	**5**	6
	Hong Kong	**4**	4
	British Virgin Islands	**1**	1
	Japan	**1**	1
	Mauritius	**1**	1
	India	**1**	1
Others	Hong Kong	**1**	4
		17	21

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiary corporations	
		2019	**2018**
Investments	Singapore	**8**	5
	Australia	**12**	14
	Hong Kong	**2**	4
		22	23

14 SUBSIDIARY CORPORATIONS (CONTINUED)

The table below shows details of non-wholly owned subsidiary corporations of the Group that have material non-controlling interests:

Name of subsidiary corporation	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	2019	2018	2019	2018
		%	%	S$'000	S$'000	S$'000	S$'000
Thakral Japan Properties Pte Ltd	Singapore	**49.4**	49.4	**4,461**	3,845	**19,496**	19,487
Thakral Capital Holdings Pte Ltd and its subsidiary corporations	Singapore	**25**	25	**3,307**	3,158	**18,873**	17,606
TJP Pte Ltd and its subsidiary corporation	Singapore	**47**	47	**3,161**	3,939	**17,280**	12,518
Thakral Umeda Properties Pte Ltd and its subsidiary corporation	Singapore	**44**	–	**(1)**	–	**7,268**	–
Total				**10,928**	10,942	**62,917**	49,611

14 SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiary corporations that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TJP Pte Ltd and its subsidiary corporation		Thakral Umeda Properties Pte Ltd and its subsidiary corporation	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current assets	**1,915**	2,453	**40,611**	23,560	**164**	1,505	**–**	–
Non-current assets	**46,122**	44,742	**62,826**	92,685	**43,039**	28,747	**19,411**	–
Current liabilities	**(422)**	(2,150)	**(8,269)**	(14,083)	**(1,171)**	(67)	**(773)**	–
Non-current liabilities	**(7,578)**	(5,610)	**(19,675)**	(31,740)	**(2,253)**	(1,265)	**–**	–
Equity attributable to owners of the Company	**20,541**	19,948	**56,620**	52,816	**22,499**	16,402	**11,370**	–
Non-controlling interests	**19,496**	19,487	**18,873**	17,606	**17,280**	12,518	**7,268**	–

14 SUBSIDIARY CORPORATIONS (CONTINUED)

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TJP Pte Ltd and its subsidiary corporation		Thakral Umeda Properties Pte Ltd and its subsidiary corporation	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**11,416**	6,252	**21,723**	34,494	**12**	(13)	**–**	–
Net other income (expenses)	**(2,388)**	1,421	**(8,494)**	(21,860)	**6,721**	8,404	**(3)**	–
Profit (Loss) for the year	**9,028**	7,673	**13,229**	12,634	**6,733**	8,391	**(3)**	–
Profit (Loss) attributable to owners of the Company	**4,567**	3,828	**9,922**	9,476	**3,572**	4,452	**(2)**	–
Profit (Loss) attributable to the non-controlling interests	**4,461**	3,845	**3,307**	3,158	**3,161**	3,939	**(1)**	–
Profit (Loss) for the year	**9,028**	7,673	**13,229**	12,634	**6,733**	8,391	**(3)**	–
Other comprehensive income (loss) attributable to owners of the Company	**(129)**	960	**(734)**	(4,195)	**(117)**	209	**(36)**	–
Other comprehensive income (loss) attributable to the non-controlling interests	**(126)**	965	**(245)**	(1,398)	**(104)**	184	**(28)**	–
Other comprehensive income (loss) for the year	**(255)**	1,925	**(979)**	(5,593)	**(221)**	393	**(64)**	–

14 SUBSIDIARY CORPORATIONS (CONTINUED)

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TJP Pte Ltd and its subsidiary corporation		Thakral Umeda Properties Pte Ltd and its subsidiary corporation	
	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Total comprehensive income attributable to owners of the Company	**4,438**	4,788	**9,188**	5,281	**3,455**	4,661	**(37)**	–
Total comprehensive income attributable to the non-controlling interests	**4,335**	4,810	**3,062**	1,760	**3,057**	4,123	**(29)**	–
Total comprehensive income for the year	**8,773**	9,598	**12,250**	7,041	**6,512**	8,784	**(66)**	–
Dividends to non-controlling interests	**–**	–	**(1,795)**	–	**–**	–	**–**	–
Net cash (outflow) from operating activities	**(1,052)**	(2,474)	**(22,699)**	(2,036)	**(820)**	(1,798)	**(3)**	–
Net cash (outflow) inflow from investing activities	**13,059**	(3,397)	**29,403**	21,698	**(7,854)**	(18,500)	**(19,411)**	–
Net cash inflow (outflow) from financing activities	**(12,037)**	–	**(5,445)**	(17,109)	**8,751**	20,371	**19,414**	–
Net cash (outflow) inflow	**(30)**	(5,871)	**1,259**	2,553	**77**	73	**–**	–

Financial support

At the end of the reporting period, the Company has agreed to provide financial support to certain subsidiary corporations that are in net liability position of S$5.5 million (2018: S$5.1 million).

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15 JOINT VENTURES

	Group	
	2019	2018
	S$'000	S$'000
Cost of investment in joint ventures	**1,118**	1,031
Share of post-acquisition profit	**8,745**	3,342
Translation adjustment	**(287)**	(191)
	9,576	4,182

The investment in joint ventures represents the Group's investment in the retirement living joint venture, under the GemLife brand, with one of Australia's developers in the resort style retirement homes sector. As at December 31, 2019 seven resorts with more than 1,800 homes to be built throughout the east coast of Australia have been committed, of which five resorts have commenced construction. The carrying value of the Group's equity interest in these joint venture entities as at December 31, 2019 is S$9,576,000 (2018: S$4,182,000).

Name of joint venture	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
GTH group of entities [1]	Australia	49.9%	49.9%	Property development
CBT group of entities	Singapore	50%	50%	Marketing and distributing beauty products

[1] Audited by Thomas Noble & Russell, Australia

The joint ventures are accounted for using the equity method in these consolidated financial statements.

GTH Group of joint ventures

	Group	
	2019	2018
	S$'000	S$'000
Current assets	**96,032**	65,371
Non-current assets	**98,579**	73,066
Current liabilities	**(53,816)**	(19,680)
Non-current liabilities	**(121,604)**	(110,376)

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15 JOINT VENTURES (CONTINUED)

GTH Group of joint ventures (CONTINUED)

The above amounts of assets and liabilities include the following:

	Group	
	2019	2018
	S$'000	S$'000
Cash and cash equivalents	670	(477)
Current financial liabilities (excluding trade and other payable)	(34,185)	(572)
Non-current financial liabilities (excluding trade and other payable)	(117,141)	(108,423)

	2019	2018
	S$'000	S$'000
Revenue	76,147	51,362
Profit for the year	10,998	9,033
Total comprehensive income for the year	11,002	9,033

The above profit (loss) for the year include the following:

	2019	2018
	S$'000	S$'000
Depreciation	(1,024)	(563)
Interest income	6,277	7
Interest expense	(17,202)	(5,289)
Income tax credit	(2,436)	1,928

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in these consolidated financial statements:

	Group	
	2019	2018
	S$'000	S$'000
Net assets of the joint ventures	19,191	8,381
Proportion of the Group's ownership interest in joint ventures	49.9%	49.9%
Carrying amount of the Group's interest in the joint ventures	9,576	4,182

CBT Group of joint ventures

	Group	
	2019	2018
	S$'000	S$'000
Current assets	375	–
Non-current assets	34	–
Current liabilities	(286)	–
Non-current liabilities	(398)	–

15 JOINT VENTURES (CONTINUED)

CBT Group of joint ventures (CONTINUED)

The above amounts of assets and liabilities include the following:

	Group	
	2019	2018
	S$'000	S$'000
Cash and cash equivalents	39	–

	2019	2018
	S$'000	S$'000
Revenue	34	–
Loss for the year	(409)	–
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	(409)	–

The above profit (loss) for the year include the following:

	2019	2018
	S$'000	S$'000
Interest expense	(1)	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in these consolidated financial statements:

	Group	
	2019	2018
	S$'000	S$'000
Net liabilities of the joint ventures	(275)	–
Proportion of the Group's ownership interest in joint ventures	50%	–

16 ASSOCIATES

	Group	
	2019	2018
	S$'000	S$'000
Cost of investment in associates	43,700	18,144
Share of post-acquisition profit	17,517	9,704
Translation adjustment	120	525
	61,337	28,373

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16 ASSOCIATES (CONTINUED)

Details of material associates

Details of the Group's significant associates are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activity
		2019	**2018**	**2019**	**2018**	
TMK Japan TCAP[(1)]	Japan	**99.5%**	99.5%	**33%**	33%	Investment holding
TMK Legal 1[(2)]	Japan	**93.5%**	–	**33%**	–	Investment holding

(1) Audited by Grant Thornton Taiyo LLC

(2) Audited by Deloitte & Touche LLP, Singapore for purposes of consolidation

The associates are accounted for using the equity method in these consolidated financial statements.

TMK Legal 1 was acquired in December 2019. The Group has significant influence over both associates by virtue of its voting power in the entities.

	TMK Japan TCAP		TMK Legal 1	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current assets	**9,425**	6,292	**9,502**	–
Non-current assets	**134,534**	70,778	**90,292**	–
Current liabilities	**(1,313)**	(689)	**(1,471)**	–
Non-current liabilities	**(100,503)**	(47,865)	**(77,567)**	–

	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Revenue	**5,416**	1,030	**–**	–
Profit for the year	**7,853**	9,753	**–**	–
Total comprehensive income for the year	**7,853**	9,753	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in these consolidated financial statements:

	TMK Japan TCAP		TMK Legal 1	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Net assets of the associate	**42,137**	28,516	**20,476**	–
Proportion of the Group's ownership interest	**99.5%**	99.5%	**93.5%**	–
Carrying amount of the Group's interest	**41,926**	28,373	**19,411**	–

17 DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT/AMORTISED COST

	Group	
	2019	2018
	S$'000	S$'000
Debt instruments:		
Non-current, at fair value	**17,433**	53,349
Current, at fair value	**35,193**	18,540
Non-current, at amortised cost	**2,107**	–
	54,733	71,889

The debt instruments, denominated in Australian dollars, are secured by, inter alia, first or second mortgages over the land of the projects, first or second mortgages and debentures over the borrower and other project related entities as well as personal guarantees by owners/principal shareholders of certain developers.

The current and non-current debt instruments are extended to third parties and the joint venture entities for development projects in Australia.

Included in above is an amount of S$10,914,000 (2018: S$34,797,000) advanced to the joint venture entities.

Changes in the fair value of debt instruments measured at FVTIS, amounting to S$12,518,000 have been included in profit or loss for the year as part of "revenue".

Description	Fair values 2019	Fair values 2018	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Average rate
	S$'000	S$'000				
Unquoted debt instruments at FVTIS	52,626	71,889	Level 3	Discounted cash flows	Discount rates	20% (2018: 16%)

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

18 DERIVATIVE FINANCIAL INSTRUMENT

The Group uses foreign exchange options to manage its exposure to foreign exchange rates on the capital invested in its financial asset (Note 19).

The above option expired in January 2020.

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19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT

	Group 2019	Group 2018
	S$'000	S$'000
Financial assets measured at FVTIS		
At fair value:		
Unquoted investments	**46,119**	44,743
Club debenture	**1**	1
Total	**46,120**	44,744

Description	Fair value 2019	Fair value 2018	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000				
Unquoted investments	**46,119**	44,743	Level 3	See Note (a) below	See Note (a) below	S$5,300 to S$34,614 (2018: S$5,022 to S$8,144)

Note (a)

The fair value of the unquoted investments is estimated based on the Group's share of the net asset value of the investees, which approximates their fair values as at the end of the reporting period. The investees' main assets are two office buildings, two hotel buildings and one retail property (2018: three office buildings, two hotel buildings and one retail property (under construction)) in Japan which are leased out to external parties. The significant input used in valuing the underlying properties is price per square meter, which is based on recent transactions adjusted for property type, age and location. Any significant isolated increases (decreases) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

The retail property for which construction was completed during the year is carried by the associate at fair value based on valuation carried out by independent firms of professional valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group (2018: at cost).

20 TRADE AND BILLS PAYABLES

	Group 2019	Group 2018
	S$'000	S$'000
Trade payables – outside parties	**3,498**	2,827
Bills payable	**–**	1,041
Due to related parties (Note 6)	**–**	131
	3,498	3,999

The average credit period on purchases of goods is 27 days (2018: 13 days).

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

Bills payable represent the amounts payable to a supplier against documents sent through bank.

21 TRUST RECEIPTS

Trust receipts represent short term financing provided by banks at market interest rates for the purchase of goods.

The trust receipts are secured by certain fixed deposits placed with the banks as well as corporate guarantees by the Company.

The average effective interest rates paid are as follows:

	Group	
	2019	2018
	%	%
Trust receipts	**4.67**	5.07

22 BANK AND OTHER BORROWINGS

	Group	
	2019	**2018**
	S$'000	**S$'000**
Loans from financial institutions	**–**	2,711
Other loans	**2,071**	7,312
Bank loans	**31,833**	34,329
	33,904	44,352
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(21,487)**	(24,933)
Amount due for settlement after 12 months	**12,417**	19,419

	Company	
	2019	**2018**
	S$'000	**S$'000**
Other loans	**178**	4,342
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(178)**	(4,342)
Amount due for settlement after 12 months	**–**	–

Loan from financial institutions

The loan from a financial institution of S$2,711,000 as at December 31, 2018 was arranged at fixed interest rate of 14.06% per annum. This loan was advanced on March 20, 2013 and fully repaid in 2019. The loan amount was unsecured.

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22 BANK AND OTHER BORROWINGS (CONTINUED)

Other loans

Other loans from certain related parties of S$1,893,000 (2018: S$2,970,000) are arranged at fixed interest rate of 9% to 10% (2018: 9% to 10%) per annum, to provide funding for the investments in Australia. The loans are unsecured but recourse is limited to the underlying investments. The loans have no fixed terms of repayment and shall be repaid upon settlements of the underlying projects.

During 2018, a loan of S$4,342,000 from another related party was advanced to the Company, at fixed interest rate of 7% per annum to provide temporary funding for the investments by the Group. The loan was unsecured with a major part repaid during 2019. S$178,000 remains outstanding at the end of the year.

Bank loans (secured)

Bank loans include loans drawn from a bank in Australia amounting to S$8,654,000 (2018: S$12,655,000) which are secured by, inter alia, mortgages over the land owned by certain Australian subsidiary corporations, general fixed and floating charges over the assets of these subsidiary corporations as well as the subsidiary corporations that lease the residential properties to the lessees. The loans are repayable in quarterly instalments with a final payment in 2021 (2018: 2021).

A loan was drawn from a bank in China amounting to S$1,608,000 (2018: S$Nil) during the year. It is secured by corporate guarantee by a subsidiary corporation.

A loan of S$996,000 (2018: S$799,000), with certain trade receivable factored on a full recourse basis, is obtained from a bank during the year. The loan is secured by a fixed deposit placed with the bank as well as corporate guarantee by the Company.

Certain bank loans amounting to S$20,575,000 (2018: S$20,875,000) are secured by the property in Singapore as well as corporate guarantee by the Company. Included in these loans is a 5-year term loan of S$5,275,000 (2018: S$5,875,000), which is required to be repaid by monthly instalments and a final payment in 2023. Included in the bank loans is a money market loan of S$15,000,000 (2018: S$15,000,000), which is repayable in full every quarter by cash or re-drawing the loan.

The average effective interest rates paid on bank and other borrowings are as follows:

	Group	
	2019	**2018**
	%	%
Loans from financial institutions	–	14.06
Other loans	**10.71**	8.65
Bank loans	**3.66**	3.76

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

22 BANK AND OTHER BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2019	Financing cash flow	Interest paid	Non-cash changes Foreign exchange movement	Accrued interest	New lease liabilities	December 31, 2019
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trust receipts (Note 21)	**10,968**	**(640)**	**–**	**(60)**	**–**	**–**	**10,268**
Bank and other borrowings	**44,352**	**(7,919)**	**(3,110)**	**(528)**	**1,109**	**–**	**33,904**
Lease liabilities (Note 13)	**3,284**	**(1,658)**	**(119)**	**–**	**119**	**240**	**1,866**
	58,604	**(10,217)**	**(3,229)**	**(588)**	**1,228**	**240**	**46,038**

	January 1, 2018	Financing cash flow	Interest paid	Non-cash changes Foreign exchange movement	Accrued interest	Acquisition of subsidiary	December 31, 2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trust receipts (Note 21)	11,207	(391)	–	152	–	–	10,968
Bank and other borrowings	46,837	(19,923)	(3,675)	(2,295)	2,408	21,000	44,352
	58,044	(20,314)	(3,675)	(2,143)	2,408	21,000	55,320

23 OTHER PAYABLES

	Group 2019	Group 2018	Company 2019	Company 2018
	S$'000	S$'000	S$'000	S$'000
Accruals	**5,068**	7,927	**562**	444
Advances from customers	**4,273**	6,506	**–**	–
Value added tax (VAT)/other tax payable	**1,087**	547	**–**	–
Sundry creditors	**2,060**	1,809	**–**	–
	12,488	16,789	**562**	444

Included in sundry creditors is an amount of S$315,000 (2018: S$315,000) due to related parties (Note 6) for rental deposits and the reimbursement of expenses paid on behalf of the Group.

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24 PROVISIONS

	Employee benefits
	S$'000
Group	
As at January 1, 2018	2,504
Translation adjustment	(28)
Provision for the year	330
Utilisation	(100)
As at December 31, 2018	2,706
Translation adjustment	(47)
Provision for the year	549
Utilisation	(209)
As at December 31, 2019	**2,999**
Company	
As at December 31, 2019, at December 31, 2018 and at January 1, 2018	**52**

The provisions are made in respect of the Group's and Company's potential liability for long-service and leave payments to employees of certain subsidiary corporations upon their leaving the Group and Company respectively.

25 DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities recognised by the Group and the movements thereon during the current and prior reporting periods, primarily from fair value gain on financial assets measured at FVTIS and revaluation gains on investment properties:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Balance as at beginning of year	**10,593**	5,222
Translation adjustment	**(117)**	78
Charge to other comprehensive income for the year	**36**	–
Charge to profit or loss for the year (Note 32)	**3,032**	5,293
Balance as at beginning of year	**13,544**	10,593

26 ISSUED CAPITAL

	Group and Company			
	2019	**2018**	**2019**	**2018**
	Number of ordinary shares		**S$'000**	**S$'000**
Issued and fully paid: – At end of year and beginning of year	**130,860,616**	130,860,616	**72,579**	72,579

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.

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27 RESERVES

The capital reserve arose upon the reorganisation of shareholdings in the subsidiary corporations under common control.

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

The options reserve arises on the grant of share options to employees under the employee share option scheme. Further information about share-based payments to employees is set out in Note 28.

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

28 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company had a share option scheme for all employees of the Group which expired on March 30, 2011. There are no outstanding share options as at December 31, 2019 under this scheme.

Thakral Capital Holdings Pte Ltd ("TCH"), a subsidiary corporation of the Company, also has a share option scheme for all TCH Group employees and directors which had been approved at an Extraordinary General Meeting on April 29, 2015 (the "TCH Scheme"). Options are exercisable at prices specified at the time of the grant. If options granted remain unexercised after a period of 5 years (depending on the term specified in the options) from the relevant vesting date, the options expire. Except for certain specified circumstances, options are forfeited if the employee leaves the TCH Group.

	Group			
	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of year	**78,300**	**116**	–	–
Granted during the year	**–**	**–**	78,300	116
Outstanding at end of year	**78,300**		78,300	

The Group recognised total expenses of S$18,000 (2018: S$3,000) related to equity-settled share-based payment transactions during the year.

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29 REVENUE

	Group	
	2019	2018
	S$'000	S$'000
Product sales	**73,406**	115,693
Fair value changes on debt instruments	**12,518**	21,566
Dividend income from financial assets measured at FVTIS	**1,567**	934
Management fee and other service income	**3,588**	4,751
Rental income (Notes 12 and 38)	**6,946**	8,875
Fair value changes on financial assets measured at FVTIS	**9,846**	5,305
	107,871	157,124

All streams of revenue are recognised at a point in time, except rental income which is recognised on a straight line basis over the lease term.

30 OTHER OPERATING INCOME

	Group	
	2019	2018
	S$'000	S$'000
Government subsidies	**4**	304
Gain on disposal of freehold land and building	**3,471**	–
Gain on disposal of investment properties	**90**	–
Others	**56**	56
	3,621	360

31 FINANCE COSTS

	Group	
	2019	2018
	S$'000	S$'000
Interest expense to third parties	**3,020**	3,806
Interest expense to related parties (Note 6)	**298**	429
	3,318	4,235

32 INCOME TAX

	Group	
	2019	2018
	S$'000	S$'000
Current taxation:		
– Provision for taxation in respect of current year	**1,458**	1,261
– Overprovision in prior years	**(133)**	(51)
Deferred tax:		
– Amount charged for taxation in respect of deferred tax liabilities in current year (Note 25)	**3,032**	5,293
Income tax expense for the year	**4,357**	6,503

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32 INCOME TAX (CONTINUED)

The income tax is calculated at 17% (2018: 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2019	2018
	S$'000	S$'000
Profit before income tax	**24,363**	26,742
Income tax charge at statutory rate of 17%	**4,142**	4,546
Tax effect of:		
– Expenses that are not deductible in determining taxable profit	**2,046**	3,937
– Income that is not taxable in determining taxable profit	**(2,973)**	(4,694)
– Current year's tax losses not recognised	**1,743**	2,424
– Different tax rates of the subsidiary corporations operating in other jurisdictions	**(39)**	882
– Tax effect on utilisation of deferred tax benefits previously not recognised	**(429)**	(541)
– Overprovision of tax in respect of prior years	**(133)**	(51)
Total income tax expense for the year	**4,357**	6,503

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

	Group	
	2019	2018
	S$'000	S$'000
Amount at beginning of year	**246,894**	252,682
Tax losses expired during the year	**(1,673)**	(5,076)
Amount in current year	**10,251**	14,261
Translation adjustment	**1,392**	(5,988)
Adjustment for prior years after finalisation	**(2,272)**	(5,803)
Amount utilised in current year	**(2,522)**	(3,182)
Amount at end of year	**252,070**	246,894
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	**44,644**	43,881

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

	Group	
	2019	2018
	S$'000	S$'000
Amount at beginning of year	**229**	201
Amount in current year	**5**	151
Amount utilised in current year	**(38)**	(123)
Amount at end of year	**196**	229
Deferred tax benefit on above not recorded	**33**	39

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

32 INCOME TAX (CONTINUED)

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 subsidiary corporations concerned subject to compliance with certain provisions of the relevant countries' income tax regulations. Future tax benefits arising from these unutilised tax losses and capital allowances have not been recognised in the financial statements as there is no reasonable certainty of their realisation in the foreseeable future.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is S$0.66 million (2018: S$0.51 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the timing differences and it is probable that such differences will not reverse in the foreseeable future.

33 PROFIT FOR THE YEAR

	Group	
	2019	**2018**
	S$'000	**S$'000**
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	**1,961**	1,697
of subsidiary corporations	**3,752**	3,973
Total directors' remuneration	**5,713**	5,670
Cost of inventories recognised as expense	**64,830**	104,093
Audit fees:		
Paid to auditors of the Company		
Current year	**322**	305
Paid to other auditors		
Current year	**256**	323
Overprovision in prior year	**(4)**	–
Non-audit fees paid to auditors:		
Auditors of the Company	**45**	46
Other auditors	**35**	10
(Gain) Loss on disposal of property, plant and equipment	**(3,471)**	13
Allowance for inventories recognised in cost of sales	**1,533**	2,592
Unrealised loss on derivative financial instrument	**–**	212
Foreign currency exchange adjustment loss	**582**	1,109
Impairment loss on financial assets:		
Impairment loss on trade receivables	**174**	115
Impairment loss on other receivables	**42**	13
Total impairment loss on financial assets recognised in administration expenses	**216**	128
Depreciation of property, plant and equipment	**522**	294
Depreciation of right-of-use assets	**1,613**	–
Employee benefits expense (including directors' remuneration):		
Salaries, wages, bonus and others	**13,984**	15,435
Defined contribution plans	**1,175**	944
Total employee benefits expense	**15,159**	16,379

34 DIVIDENDS

A tax-exempt (one-tier) interim dividend of S$0.02 per share (total dividend of S$2,617,000) and another tax-exempt (one-tier) second interim dividend of S$0.02 per share (total dividend of S$2,617,000) were paid to shareholders on August 30, 2019 and November 29, 2019 respectively in respect of the financial year ended December 31, 2019.

A tax-exempt (one-tier) interim dividend of S$0.02 per share (total dividend of S$2,617,000) and another tax-exempt (one-tier) second interim dividend of S$0.02 per share (total dividend of S$2,617,000) were paid to shareholders on May 23, 2018 and November 30, 2018 respectively in respect of the financial year ended December 31, 2018.

35 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

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

	2019	**2018**
	Cents	**Cents**
Basic earnings per share	**6.94**	7.10
Diluted earnings per share	**6.94**	7.10
Weighted average number of ordinary shares	**130,860,616**	130,860,616

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

	Group	
	2019	**2018**
	S$'000	**S$'000**
Profit for the year attributable to equity holders of the Company	**9,078**	9,297

36 SEGMENT INFORMATION

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

(a) Investments ("INV")

This includes real estate and property investments in Australia, People's Republic of China, Japan and Singapore.

(b) Lifestyle ("LIFE")

This division comprises marketing and distributing beauty, wellness and lifestyle products in India, Japan, People's Republic of China (including Hong Kong), Singapore and in various export markets.

(c) Others ("OTH")

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

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36 SEGMENT INFORMATION (CONTINUED)

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

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

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances. 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.

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

Group's reportable segments

Year ended December 31, 2019

	INV	LIFE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External revenue	34,464	73,407	–	107,871
Result				
Segment operating result	27,403	(9,322)	(1,538)	16,543
Gain on disposal of properties	–	3,471	–	3,471
Valuation losses on investment properties, net	(3,160)	–	–	(3,160)
Share of profit (loss) of associate and joint ventures	13,303	(87)	–	13,216
Segment result	37,546	(5,938)	(1,538)	30,070
Unallocated corporate expenses				(1,965)
Finance income				158
Finance costs				(3,318)
Foreign exchange loss				(582)
Profit before income tax				24,363
Income tax				(4,357)
Profit for the year				20,006
Other information				
Capital expenditure:				
Property, plant and equipment	–	211	15	226
Depreciation expense	108	2,020	7	2,135
Assets				
Segment assets	245,353	31,916	1,388	278,657
Total assets				278,657
Liabilities				
Segment liabilities	35,671	28,747	605	65,023
Income tax payable				1,898
Deferred tax liability				13,544
Total liabilities				80,465

36 SEGMENT INFORMATION (CONTINUED)

Group's reportable segments

Year ended December 31, 2018

	INV	LIFE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External revenue	41,431	115,693	–	157,124
Result				
Segment operating result	33,989	(5,652)	(1,155)	27,182
Valuation losses on investment properties, net	(7,072)	–	–	(7,072)
Share of profit of associate and joint ventures	13,562	–	–	13,562
Segment result	40,479	(5,652)	(1,155)	33,672
Unallocated corporate expenses				(1,653)
Finance income				67
Finance costs				(4,235)
Foreign exchange loss				(1,109)
Profit before income tax				26,742
Income tax				(6,503)
Profit for the year				20,239
Other information				
Capital expenditure:				
Property, plant and equipment	790	1,044	15	1,849
Depreciation expense	24	264	6	294
Assets				
Segment assets	227,830	46,102	310	274,242
Total assets				274,242
Liabilities				
Segment liabilities	51,132	27,195	487	78,814
Income tax payable				3,082
Deferred tax liability				10,593
Total liabilities				92,489

Geographical information

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

The following table provides an analysis of:

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

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36 SEGMENT INFORMATION (CONTINUED)

Geographical information (CONTINUED)

(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*	
	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
People's Republic of China (including Hong Kong)	**82,809**	134,518	**173**	1,043	**6,161**	4,447
Australia	**7,034**	11,949	**–**	–	**29,285**	33,833
Singapore	**14,307**	6,850	**15**	804	**30,496**	30,509
Others	**3,721**	3,807	**38**	2	**152**	1,192
	107,871	157,124	**226**	1,849	**66,094**	69,981

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

* Non-current assets other than financial assets, associate and joint ventures.

Information about major customers

Included in revenue of S$73,406,000 (2018: S$115,693,000) arising from the Lifestyle segment are revenue of approximately S$19,719,000 (2018: S$27,468,000) which arose from sales to 2 (2018: 2) of the Group's largest customers.

37 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiary corporations in the Group	**1,608**	–	**31,839**	32,642

At the end of the reporting period, the Group has granted certain Interest and/or Cost Overrun Guarantees for a maximum of S$2.4 million (2018: S$2.4 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's debt instruments for the development projects in Australia. There has been no call/demand from the banks on the guarantees to date.

At the end of the reporting period, the Group has granted certain Guarantees for a maximum of S$30.2 million (2018: S$21.4 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's debt instruments for the development projects in Australia. There has been no call/demand from the banks on the guarantees to date.

37 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

The Company and its subsidiary, TJP Pte. Ltd., have granted an all moneys guarantee to the bondholder of the Group's unquoted investee, Godo Kaisha LEGAL 1, for unpaid principal amount of the bonds of JPY600 million (equivalent to S$7,434,000) (2018: S$Nil) as at December 31, 2019 and interest in relation to the investment in the Umeda Pacific Building in Osaka, Japan. There has been no call/demand from the bondholder on the guarantee to date.

Commitments

As at December 31, 2019, the investment subsidiary corporation of the Group, Thakral Capital Investments Limited ("TCIL"), has entered into the following agreements to participate in the development of the projects in Australia in respect of which the full amount of capital committed for those projects have not been recorded as liabilities in the financial statements. The details of the projects are as follows:

(a) Projects owned by the joint venture entities where TCIL has committed to provide or procure the provision of about A$100.0 million (equivalent to S$94.5 million) (2018: A$45.0 million (equivalent to S$43.3 million)) by way of progressive subscriptions of debt instruments. Monies of A$6.5 million (equivalent to S$6.1 million) (2018: A$31.1 million (equivalent to S$29.9 million)) have been recorded as debt instruments in Note 17 for the amounts provided by the Group. As at December 31, 2019, the Group has procured the provision of approximately A$53.6 million (equivalent to S$50.7 million) (2018: A$41.9 million (equivalent to S$40.3 million)). Additional capital required shall be sourced from, inter alia, external capital providers by way of mezzanine debt.

(b) Projects where TCIL has committed to provide or procure the provision of about A$31.5 million (equivalent to S$29.8 million) (2018: A$26.0 million (equivalent to S$25.0 million)) by way of progressive subscriptions of debt instruments. Monies of A$25.9 million (equivalent to S$24.5 million) (2018: A$11.2 million (equivalent to S$10.8 million)) have been recorded as debt instruments in Note 17 for the amounts provided by the Group. As at December 31, 2019, the Group has procured the provision of approximately A$28.7 million (equivalent to S$27.1 million) (2018: A$21.1 million (equivalent to S$20.2 million)). Additional capital required shall be sourced from, inter alia, external capital providers by way of mezzanine debt.

As at December 31, 2018, Thakral Japan Properties Pte Ltd, an investment subsidiary corporation of the Group, committed to invest JPY120 million (S$1.5 million) in an investee for construction/renovation costs) in Osaka, Japan. The investment was fulfilled in 2019.

As at December 31, 2019, TJP Pte Ltd, another investment subsidiary corporation of the Group, committed to provide a loan of JPY80 million (S$1 million) to the associate of the Group for the renovation of a property in Osaka, Japan. The investment shall be funded from the Group's internal resources as well as shareholders of TJP Pte Ltd.

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38 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Disclosure required by SFRS(I) 16

At December 31, 2019, the Group is committed to S$40,000 for short-term leases.

Disclosure required by SFRS(I) 1-17

At December 31, 2018, the commitments in respect of non-cancellable operating leases for the rental of office, warehouse and residential premises were as follows:

	Group 2018	Company 2018
	S$'000	S$'000
Within 1 year	1,527	–
In the second to fifth years inclusive	1,866	–
	3,393	–

Operating lease expense during 2018 amounted to S$1,531,000.

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

The Group as lessor

Disclosure required by SFRS(I) 16

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms negotiated for an average of 3 years with no extension options. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group 2019
	S$'000
Maturity analysis of operating lease payments:	
Year 1	**1,555**
Year 2	**654**
Year 3	**4**
Total	**2,213**

38 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessor (CONTINUED)

Disclosure required by SFRS(I) 1-17

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

	Group 2018
	S$'000
Within 1 year	7,402
In the second to fifth years inclusive	2,683
	10,085

Leases are negotiated for an average of 3 years and rentals, except for the residential houses in Australia, are fixed for an average of 3 years. The rentals for the residential houses in Australia are increased at agreed rates on a quarterly basis.

Property rental income earned during 2018 was S$8,875,000 (Note 29).

39 ADOPTION OF NEW AND REVISED STANDARDS

On January 1, 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

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39 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

SFRS(I) 16 *Leases* (CONTINUED)

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

39 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

SFRS(I) 16 *Leases* (CONTINUED)

(b) Impact on lessee accounting (CONTINUED)

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from January 1, 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

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DECEMBER 31, 2019

39 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

SFRS(I) 16 *Leases* (CONTINUED)

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on January 1, 2019 is 4.7%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group 2018
	S$'000
Operating lease commitments at December 31, 2018	3,393
Less: Effect of discounting the above amounts	(109)
Lease liabilities recognised as January 1, 2019	**3,284**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, except for the right-of-use assets for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date. Consequently, right-of-use assets of S$3,260,000 were recognised on January 1, 2019, prepayments decreased by S$Nil and the net impact on retained earnings of S$38,000 was recognised on January 1, 2019.

40 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The management anticipates that the adoption of the above SFRS(I) and amendments to SFRS(I) 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 adoption.

41 SUBSEQUENT EVENTS

(i) Impact of COVID-19

After the end of the current financial year, the impact of the COVID-19 pandemic on global markets and trade has intensified significantly, including Australia, Japan and Singapore where the bulk of the Group's development projects and investment properties are located. Like many others, the Group has also experienced the need to work remotely and "expect the unexpected" including the potential shutdown of markets and in some places being completely home bound. Although China is gradually getting back on its feet and Australia, Japan and Singapore imposing stricter measures to reduce the spread of COVID-19, the outbreak is expected to slow down the Group's operations and weigh on most if not all of the Group's operating sectors and markets. The situation continues to evolve even as these financial statements are being published and it is therefore difficult to assess the possible financial impact on the Group or how long this situation will last.

On March 25, 2020, both the Board and the Company conducted a detailed review of the Group's operations and the availability of adequate working capital until the financial year ending December 31, 2020. The review concluded that the cash balance on hand of some S$10 million as at the year end and the additional banking facilities arranged after the year end for the Investment and Lifestyle divisions including the GemLife joint venture will be adequate for the Group's operations to continue without interruption. As part of the arrangements for increase in banking facilities, the Company has provided additional corporate guarantee of S$5 million.

The Group will also continue to monitor closely the effects of the virus and adjust its strategy accordingly while simultaneously working towards retaining adequate working capital.

(ii) Disposal of Nambanaka Thakral Building

On March 24, 2020, the Group's investee in Japan divested the Nambanaka Thakral Building in Osaka, realising a net profit of about S$0.3 million compared to the fair value as at December 31, 2019. The property had originally been acquired in 2018. The net cash of S$5.8 million from the sale was used to reduce the debt taken by Thakral Japan Properties Pte Ltd to invest in Thakral Umeda Properties Pte Ltd.

SHAREHOLDERS' INFORMATION

AS AT MARCH 26, 2020

Issued and fully paid-up capital	:	S$72,498,724.21
Number of issued shares	:	130,860,616
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 – 99	1,789	26.60	71,642	0.06
100 – 1,000	3,038	45.16	1,016,593	0.78
1,001 – 10,000	1,382	20.54	5,500,994	4.20
10,001 – 1,000,000	507	7.54	27,394,555	20.93
1,000,001 and above	11	0.16	96,876,832	74.03
Total	**6,727**	**100.00**	**130,860,616**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Prime Trade Enterprises Limited	65,692,560	50.20	–	–
Kartar Singh Thakral	–	–	65,692,560(1)	50.20
Inderbethal Singh Thakral	–	–	65,692,560(1)	50.20
Bikramjit Singh Thakral	–	–	65,692,560(1)	50.20
Gurmukh Singh Thakral	–	–	65,692,560(1)	50.20
Karan Singh Thakral	–	–	65,692,560(1)	50.20
Rikhipal Singh Thakral	–	–	65,692,560(1)	50.20
Indergopal Singh Thakral	–	–	65,692,560(1)	50.20
Thakral Group Limited (as trustee of the S S Thakral Trust)	–	–	65,692,560(2)	50.20
Beneficiaries of the S S Thakral Trust	–	–	65,692,560(3)	50.20

Notes:

(1) Mr. Kartar Singh Thakral, head of the Thakral Family, and the members and/or directors of Thakral Group Limited, Messrs Inderbethal Singh Thakral, Gurmukh Singh Thakral (Alternate Director: Mr. Bikramjit Singh Thakral), Karan Singh Thakral, Rikhipal Singh Thakral and Indergopal Singh Thakral have the authority to dispose of, or to exercise control over the disposal of, the 65,692,560 ordinary shares of Thakral Corporation Ltd (the "Shares") held by Prime Trade Enterprises Limited in which Thakral Group Limited is deemed interested (whether such authority is or is capable of being made subject to restraint or restriction). Therefore, Messrs Kartar Singh Thakral, Inderbethal Singh Thakral, Bikramjit Singh Thakral, Gurmukh Singh Thakral, Karan Singh Thakral, Rikhipal Singh Thakral and Indergopal Singh Thakral are also deemed interested in the Shares held by Prime Trade Enterprises Limited.

(2) Thakral Group Limited, as the holding company of Prime Trade Enterprises Limited, is deemed interested in the Shares held by Prime Trade Enterprises Limited. Thakral Group Limited, a public company limited by guarantee, is the trustee of the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral Family.

(3) Where any property held in trust consist of or include shares and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be deemed to have an interest in those shares. Therefore, the beneficiaries of the S S Thakral Trust are also deemed interested in the Shares held by Prime Trade Enterprises Limited although no specific beneficiaries have been identified as at March 26, 2020.

SHAREHOLDERS' INFORMATION
AS AT MARCH 26, 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Prime Trade Enterprises Limited	65,692,560	50.20
2.	Citibank Nominees Singapore Pte Ltd	11,090,081	8.47
3.	Venture Delta Limited	3,357,103	2.57
4.	HSBC (Singapore) Nominees Pte Ltd	3,286,190	2.51
5.	DBS Nominees (Private) Limited	2,974,298	2.27
6.	Sing Investments & Finance Nominees (Pte) Ltd	2,829,901	2.16
7.	Kanwaljeet Singh Dhillon	2,127,485	1.63
8.	Harminder Kaur Pasricha	1,582,558	1.21
9.	Atma Singh s/o Lal Singh	1,418,450	1.08
10.	Amarjit Kaur	1,343,300	1.03
11.	Raffles Nominees (Pte.) Limited	1,174,906	0.90
12.	CGS-CIMB Securities (Singapore) Pte. Ltd.	974,638	0.74
13.	United Overseas Bank Nominees (Private) Limited	874,712	0.67
14.	Phillip Securities Pte Ltd	742,220	0.57
15.	OCBC Nominees Singapore Private Limited	713,278	0.55
16.	Wee Hian Kok	654,471	0.50
17.	Maybank Kim Eng Securities Pte. Ltd.	552,812	0.42
18.	J & H Singh Pty Ltd	527,519	0.40
19.	Khong Lai Cheong	443,150	0.34
20.	Toh Yong Qing	412,700	0.32
Total		**102,772,332**	**78.54**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 26, 2020, approximately 48.05% 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 26, 2020.

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15 APRIL 2020

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

This Appendix is circulated to Shareholders of Thakral Corporation Ltd (the "**Company**") together with the Company's annual report for the year ended 31 December 2019 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information pertaining to the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on 12 June 2020 at 10.30 a.m. at Merchant Court Ballroom, Lobby Level, Swissôtel Merchant Court, 20 Merchant Road, Singapore 058281.

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

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

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

THAKRAL CORPORATION LTD

(Incorporated in Singapore)

(Company Registration Number: 199306606E)

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in relation to

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

APPENDIX TO
ANNUAL REPORT 2019

DEFINITIONS

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

"AGM"	:	The Annual General Meeting of the Company to be held on 12 June 2020.
"Appendix"	:	This appendix to the Company's Annual Report 2019 dated 15 April 2020.
"associate"	:	In the case of a company, (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"Audit Committee"	:	The audit committee of the Company comprising Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair.
"Board"	:	The board of Directors of the Company as at the date of this Appendix.
"CDP"	:	The Central Depository (Pte) Limited.
"Chief Financial Officer"	:	The chief financial officer of the Company who is not an Interested Person.
"Companies Act" or "Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Company"	:	Thakral Corporation Ltd.
"Director"	:	A director of the Company as at the date of this Appendix.

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

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

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"S$"	:	Singapore Dollars, the lawful currency of the Republic of Singapore.
"%" or "per cent"	:	Per centum.

The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be.

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

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

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

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

APPENDIX TO
ANNUAL REPORT 2019

1. INTRODUCTION

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

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

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Chapter 9 of the Listing Manual

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

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

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

2.1.4 Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2019, the NTA of the Group was S$135,275,000. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, 5% of the Company's latest audited consolidated NTA would be S$6,764,000.

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

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

(i) an "***entity at risk***" means:–

(a) the listed company;

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

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

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

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

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

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

(vi) a "***transaction***" includes:–

(a) the provision or receipt of financial assistance;

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

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

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

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

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

2.2 Background to the IPT Mandate

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

2.2.2 The IPT Mandate approved at the Company's EGM was last renewed at the Company's annual general meeting held on 30 April 2019 and is in force until the next annual general meeting of the Company. Accordingly, the existing IPT Mandate will expire at the forthcoming Annual General Meeting ("***AGM***") to be held on 12 June 2020 and the Directors are proposing to renew the IPT Mandate at the AGM.

2.3 Rationale for Renewal of the IPT Mandate

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

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

2.4 Classes of Interested Persons and Description of Interested Persons Transactions

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

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

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

2.5 Benefits to Shareholders

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

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

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

3.1 General

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

3.2 Lock Out Agreement

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

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

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

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

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

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

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

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

3.2.7 The Audit Committee has reviewed the above information during FY2019 to determine whether the Rights to Lock-Out had become exercisable and should be exercised by the Audit Committee. After due consideration, taking into account that the Group would likely benefit more than the relevant Thakral Family Companies if the Lock Out Agreement was not reinstated, the Audit Committee took the view that it was advantageous to all Shareholders including minority shareholders that the Audit Committee not exercise the Rights to Lock-Out and not reinstate the Lock Out Agreement.

3.3 Other Review Procedures

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

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

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

(i) a Category 1 transaction is one in which the transaction value exceeds S$100,000.00 but is less than or is equal to S$500,000.00;

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(ii) a Category 2 transaction is one in which the transaction value exceeds S$500,000.00, but is less than or is equal to S$1,000,000.00; and

(iii) a Category 3 transaction is one where the transaction value exceeds S$1,000,000.00.

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

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

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

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

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

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

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

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

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

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

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

5. VALIDITY PERIOD OF THE RENEWED IPT MANDATE

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

6. DISCLOSURE IN ANNUAL REPORT

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

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

7. STATEMENT OF THE AUDIT COMMITTEE

7.1 Having considered, inter alia, the terms, the rationale for and the benefits of renewing the IPT Mandate, the Audit Committee is satisfied that the methods or procedures implemented in FY2019 and which will be maintained by the Company as set out in Section 3 of this Appendix for determining transaction prices of Interested Person Transactions have not changed since the last Shareholders' approval and the current methods or procedures are sufficient to ensure that the Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. As such, an independent financial adviser's opinion is not required for the renewal of the Company's IPT Mandate under Listing Rule 920(1)(c).

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

8. DIRECTORS' RECOMMENDATION

8.1 The Directors who are considered independent for the purpose of making a recommendation to Shareholders on the renewal of the IPT Mandate are Messrs Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair (the "**Independent Directors**").

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

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

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416, not later than 72 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the meeting if he wishes to do so.

10. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

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

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

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11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for FY2019.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Friday, 12 June 2020 at 10.30 a.m. at Merchant Court Ballroom, Lobby Level, Swissôtel Merchant Court, 20 Merchant Road, Singapore 058281 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect the following directors who are retiring pursuant to Regulation 107(2) and Regulation 108 of the Company's Constitution respectively, and who, being eligible, offer themselves for re-election:

   (i) Mr. Dileep Nair **(Resolution 2)**

   (ii) Mr. Bikramjit Singh Thakral **(Resolution 3)**

   Mr. Dileep Nair if re-elected as a Director of the Company, will remain as a member of the Audit Committee, Compensation Committee and Nomination Committee of the Company, and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the SGX-ST.

   The profile of the above Directors has been set out under the Board of Directors Section in the Company's Annual Report 2019 and the additional information pursuant to Appendix 7.4.1 of the Listing Manual of the SGX-ST has been set out in the "Additional Information on Directors Seeking Re-election" section of this Notice.

3. To approve the payment of Directors' fees of S$670,250 for the year ending 31 December 2020, to be paid quarterly in arrears. (31 December 2019: S$578,250)

(Resolution 4)

4. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 5)

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

AS SPECIAL BUSINESS

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

6. **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

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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 (i)] **(Resolution 6)**

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

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

(a) approval be and is hereby given for the Company, its subsidiaries and its associated companies or any of them to enter, in the ordinary course of business, into the transactions and arrangements for the sale and purchase of consumer electronics and electrical products as described in Section 2.3.1 of the Appendix to Annual Report 2019 dated 15 April 2020 (the "Appendix"), with any party who is of the class or classes of interested persons described in Section 2.4.1 of the Appendix, provided that all such transactions and arrangements are made on normal commercial terms in accordance with the review procedures for interested person transactions as set out in Section 3 of the Appendix, and that the Directors of the Company be and are hereby authorised to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary in connection with all such transactions and arrangements (the "Shareholders' Mandate");

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

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

[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Chan Wan Mei
Company Secretary
Singapore
Date: 15 April 2020

Explanatory Notes

(i) The Ordinary Resolution 6 proposed in item 6 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.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notes

1. A member (other than a Relevant Intermediary*) 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. Where a member (other than a Relevant Intermediary*) appoints two proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under the corporation's common seal or signed by its attorney or an officer on behalf of the corporation.

5. 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 72 hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes (the "Warranty"); and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
Date of Appointment	2 January 2015	2 January 2020
Date of last re-election (if applicable)	28 April 2017	N.A.
Age	69	44
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Nomination Committee ("NC") and the Board have reviewed the re-election of Mr. Dileep Nair, including review of this independence by the NC, taking into consideration his quality of participation, attendance, time commitment, contribution and performance when discharging his duties and responsibilities. Mr. Nair's extensive experience with government ministries and financial institutions have added to the existing pool of expertise available to the Board. He has discharged his duties and responsibilities on the Board and various Board Committees diligently and objectively, and continues to contribute effectively and positively to the Company. The NC and the Board recommend the re-election of Mr. Nair as Independent Non-Executive Director of the Company.	The Nomination Committee ("NC") and the Board have reviewed the re-election of Mr. Bikramjit Singh Thakral ("Mr. Bikram") taking into consideration his quality of participation, attendance, time commitment, contribution and performance when discharging his duties and responsibilities. Mr. Bikram's experience gained being an Alternate Director in the Company for more than 6 years has allowed him to perform and discharge his duties smoothly and efficiently on the Board and various Board Committees. With his qualification, experience and familiarity with the Company's businesses, he continues to contribute positively to the Company. The NC and the Board recommend the re-election of Mr. Bikram as Non-Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director and Member of Audit Committee, Compensation Committee and Nomination Committee.	Non-Independent Non-Executive Director, Nomination Committee Member and Investment Committee Member.
Professional qualifications	• Bachelor of Engineering, McGill University • Master in Public Administration, Harvard University	• Bachelor of Business Administration (Honours), National University of Singapore • Executive education, Harvard Business School
Working experience and occupation(s) during the past 10 years	Ministry of Foreign Affairs Singapore 2013 to 2016 – Singapore High Commissioner to Ghana 2011 to 2013 – Ambassador of Singapore in Lao People's Democratic Republic	Thakral Corporation Ltd July 2013 to 1 January 2020 – Alternate Director to Mr. Kartar Singh Thakral May 2014 to 1 January 2020 – Alternate to Mr. Kartar Singh Thakral as member of the Nomination Committee and Investment Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
	2005 to 2011 – Consul-General in Dubai United Nations 2000 to 2005 – Under-Secretary General for Internal Oversight DBS Bank Ltd 1998 to 2000 – Managing Director Post Office Savings Bank of Singapore 1997 to 1998 – Chief Executive Officer	Thakral One Pte Ltd 2007 to Present – Chief Executive Officer 2003 to 2006 – Executive Vice President Thakral Services (India) Ltd 2008 to Present – Non-Executive Director 2003 to 2007 – Senior Consultant Monitor Group LLC (now part of Deloitte Consulting LLP) 2000 to 2003 – Management Consultant
Shareholding interest in the listed issuer and its subsidiaries	No	Thakral Corporation Ltd – Deemed interest in 65,692,560 ordinary shares Subsidiaries: Thakral Japan Properties Pte. Ltd. – Deemed interest in 566,099 ordinary shares TJP Pte. Ltd. – Deemed interest in 2,117,581 ordinary shares Thakral Umeda Properties Pte. Ltd. – Deemed interest in 1,636,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	– Non-Executive Alternate Director to the Company's Executive Director, Mr. Kartar Singh Thakral till 1 January 2020. – Controlling shareholder of the Company with deemed interest in 65,692,560 ordinary shares. – Director of the principal subsidiaries – Thakral Japan Properties Pte. Ltd., TJP Pte. Ltd. and Thakral Umeda Properties Pte. Ltd. – Grandson of the Company's Executive Director and controlling shareholder, Mr. Kartar Singh Thakral.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
		– Nephew of the Company's CEO, Executive Director and controlling shareholder, Mr. Inderbethal Singh Thakral, and the Company's controlling shareholders, Mr. Karan Singh Thakral and Mr. Rikhipal Singh Thakral. – Son of the Company's controlling shareholder, Mr. Gurmukh Singh Thakral.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	1. Atlantic Navigation Holdings (Singapore) Limited (Singapore listed) – Advisor 2. Hyflux Ltd (Singapore listed) – Advisor 3. Singapore Management University – Part-time lecturer 4. Agri-Food & Veterinary Authority of Singapore – Director	1. JBS Pte Ltd (Formerly known as Sovereign Investments Pte Ltd) (Under voluntary deregistration) – Director 2. Topnotch Dragon Limited (Deregistered) – Director 3. Thakral Corporation Ltd (Singapore listed) – Alternate Director
Present	1. Keppel DC REIT Management Pte. Ltd., the Manager of Keppel DC REIT (Singapore listed) – Independent Director and Member of Audit and Risk Committee 2. Singapore Reinsurance Corporation Limited (Singapore listed) – Independent Director and Chairman of Audit Committee 3. Health Sciences Authority of Singapore – Director 4. Civil Service College of Singapore – Part-time lecturer	1. One Sovereign Investments Pte Ltd – Director 2. Thakral One Pte Ltd – CEO & Director 3. Thakral Pte Ltd – Director 4. Thakral Group Limited – Alternate Director 5. THG Pte Ltd – Director 6. Universal Procurement Systems Pte Ltd – Director 7. Thakral Japan Properties Pte. Ltd. – Director 8. TJP Pte. Ltd. – Director 9. Thakral Umeda Properties Pte. Ltd. – Director 10. Thakral Realty (S) Pte Ltd – Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
		11. My Futureworld Sdn Bhd – Director 12. Noriko Sdn Bhd – Director 13. Thakral One Sdn Bhd – Director 14. Thakral One Private Limited – Director 15. Thakral Information Systems Private Limited – Director 16. Trust Solutions Private Limited – Director 17. Prime Trade Enterprises Limited – Director 18. Tri Team Investments Ltd – Director 19. EMCO Toys Limited – Director 20. Noriko Electrical Co Limited – Director 21. Thakral One (HK) Limited – Director 22. Thakral Services (India) Ltd (India listed) – Director 23. Samuel Holdings Ltd – Director 24. Thakral Infotech Inc – Director 25. Thakral One (Private) Limited – Director 26. One Futureworld (Singapore) Pte Ltd – Director 27. Thakral Group of Companies – Advisor, Mergers & Acquisitions 28. Thakral Land Pte. Ltd. – Director
Disclosure on the following matters concerning the Director:		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dileep Nair	Bikramjit Singh Thakral
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the proposed appointment of Director only:		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

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THAKRAL CORPORATION LTD

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

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2020.

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 12 June 2020 at 10.30 a.m. at Merchant Court Ballroom, Lobby Level, Swissôtel Merchant Court, 20 Merchant Road, Singapore 058281 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", "Against" or "Abstain" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2019			
2.	Re-election of Mr. Dileep Nair as a Director			
3.	Re-election of Mr. Bikramjit Singh Thakral as a Director			
4.	Approval of Directors' fees amounting to S$670,250 for the year ending 31 December 2020, to be paid quarterly in arrears			
5.	Re-appointment of Deloitte & Touche LLP as Auditors			
6.	Authority to allot and issue shares			
7.	Renewal of Shareholders' Mandate for Interested Person Transactions			

Dated this ________ day of ______________ 2020

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.

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 81SF of the Securities and Futures Act (Chapter 289) 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 (other than a Relevant Intermediary*) 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 (other than a Relevant Intermediary*) 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. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9 below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. 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 72 hours before the time appointed for the Meeting.
7. 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.
8. 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.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold Here

Affix
Stamp
Here

PROXY FORM

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

Fold Here

GROUP OFFICES

SINGAPORE

THAKRAL CORPORATION LTD

THAKRAL CAPITAL HOLDINGS PTE LTD

THAKRAL REALTY (S) PTE LTD

THAKRAL JAPAN PROPERTIES PTE LTD

TJP PTE LTD

THAKRAL UMEDA PROPERTIES PTE LTD

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416
Tel (65) 63368966
Fax (65) 63367225

www.thakralcorp.com
www.tcap.com.sg

THAKRAL LIFESTYLE PTE LTD

CBT AT-HOME BEAUTY HOLDINGS PTE LTD

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416
Tel (65) 65330315

AUSTRALIA

THAKRAL CAPITAL AUSTRALIA PTY LTD

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Level 3, 20 Bond Street
Sydney, NSW 2000
Australia
Tel (61-2) 80737888
Fax (61-2) 80737889

www.thakralcapital.com.au

BRISBANE OFFICE

Level 1, 283 Elizabeth Street
Brisbane, QLD 4000
Australia
Tel (61-4) 87744157
Fax (61-2) 80737889

GEMLIFE GROUP

Unit 7, 93 Burnside Road
Stapylton, QLD 4207
Australia
www.gemlife.com.au

CHINA

THAKRAL CHINA LTD

CBT AT-HOME BEAUTY (SHANGHAI) LTD

SHANGHAI OFFICE

5/F, Xinyan Building B
65 Guiqing Road
Shanghai 200233, PRC
Tel (86-21) 61917722
Fax (86-21) 61917711

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Kitakyuhoji-machi Chuo-ku
Osaka 541-0057, Japan
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Fax (81-6) 62660290

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

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153 Okhla Industrial Area
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Delhi 110020, India
Tel (91-11) 41164900

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