THAKRAL
CORPORATION LTD

INNOVATE and TRANSFORM for a BRIGHTER FUTURE

Annual Report 2014





Contents



Corporate Profile

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

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

The Group's Lifestyle Division has repositioned itself in Lifestyle products, including Beauty & Health and Enviro-Care products. Under its extensive brand portfolio are global names such as Apple, Beko, Bose, Canon, Carol Joy of London, Cuchen, Cuvilady, Daewoo, Harmon Kardon, Lenovo, Misfit, MTG (Refa), Orion, Ortech, Panasonic, Pomone, Robam, Samsung, Sharp, Skullcandy, Winia and Yamaha.

Presently, China (including Hong Kong), Southeast Asia and India, are the Group's key markets for its Lifestyle business while Australia and Japan are the key markets for its Investment Division.

Principal Businesses
Investments

Thakral Capital Holdings Pte Ltd
Singapore

Thakral Capital Australia Pty Ltd
Sydney and Melbourne, Australia

FV Stage 1
Brisbane

Gateway
Mackay

VIDA
Brisbane

Sephora
Brisbane

GLNG Housing Project
Gladstone

Union Balmain
Sydney

Australia Towers Stage 1
Sydney

Emerant Lane
Sydney

Sanctuary Cammeray
Sydney

The Quays
Melbourne

Dai-ichi Jyuken Yotsubashi
Osaka

Yotsubashi Nakano
Osaka

Harbour One
Melbourne

Principal Businesses
Lifestyle

Thakral China Ltd
Shanghai, PRC

Thakral Corporation (HK) Limited
Hong Kong

Thakral Brothers Limited
Osaka, Japan

Singapore Sourcing & Technology Pvt Ltd
Noida, India

Thakral Lifestyle Pte Ltd
Singapore

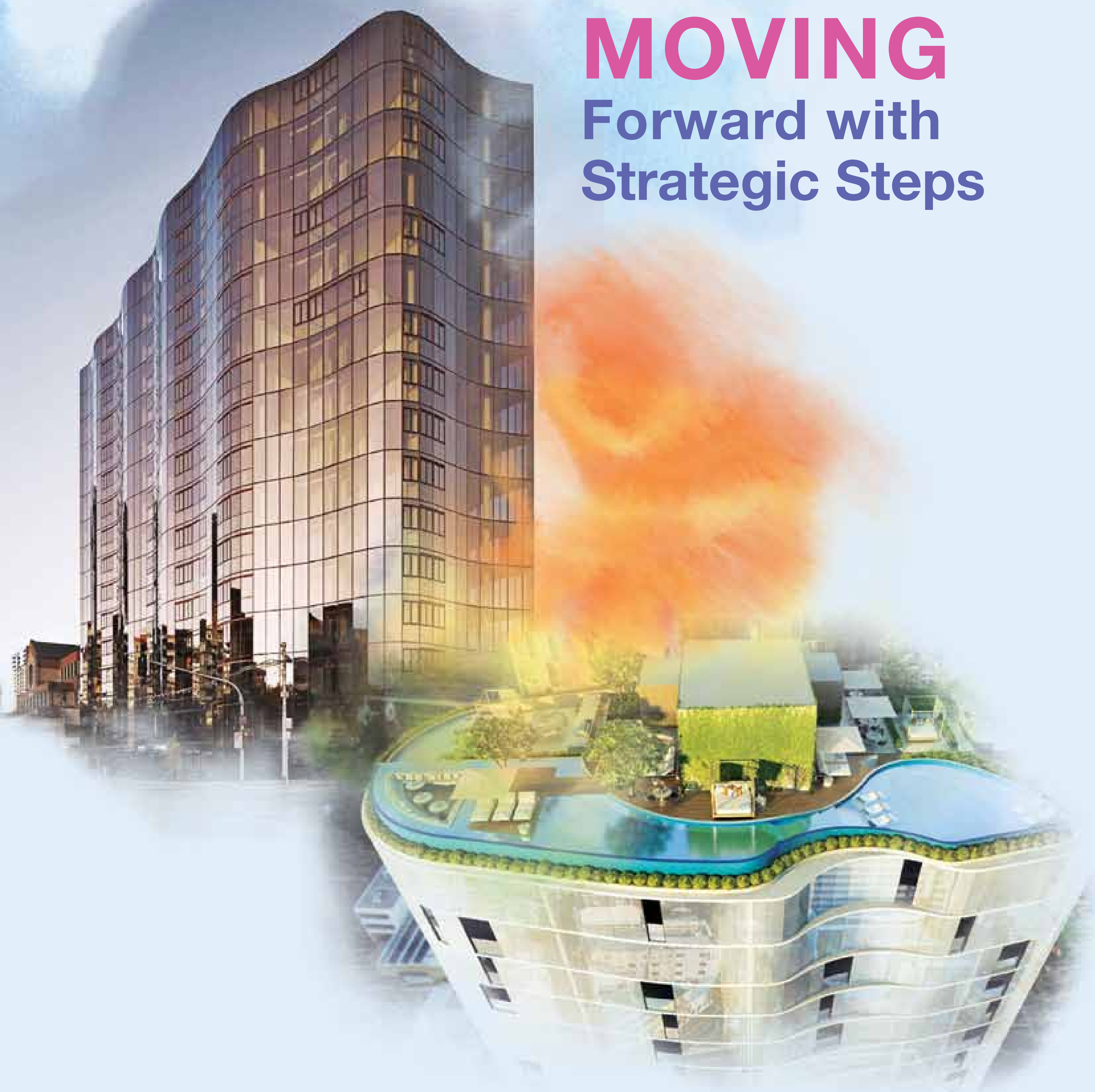
Enviro-Care

Interior Fittings & Finishes

Our Network


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

MOVING Forward with Strategic Steps



Our commitment to innovation and transformation has helped us manage challenges in the past year, driving improvements across the organisation, resulting in serving our customers better.

Chairman's Statement

Dear Shareholders,

Innovate and Transform for a Brighter Future

Our commitment to innovation and transformation has helped us manage challenges in the past year, driving improvements across the organization, resulting in serving our customers better.

Group performance continued to improve for the full year ended December 31, 2014 ("FY2014") despite the business headwinds and a volatile currency environment. Net profit grew to S$843,000 (including non-controlling interests) – up from a breakeven level of S$10,000 in the previous year. However, there was a loss of S$112,000 attributable to shareholders for the year, compared to the loss of S$101,000 for the previous financial year. Net attributable profit to equity holders in 4QFY2014 was S$2.3 million against the attributable loss of S$0.9 million in 3QFY2014, providing encouragement for 2015.

Group revenue for FY2014 rose 21% from S$413.1 million to almost half a billion. The sales rise was due to revenue increases from both the Lifestyle and Investment Divisions. The Lifestyle Division saw sales rise to S$482.7 million for FY2014 from S$398.6 million the previous year while sales for the Investment Division increased by 18% to S$17.1 million.

Our Investment Division enjoyed gains from higher rental income from the GLNG projects in Queensland, improved efficiency in use of funds as well as higher returns from projects in Australia.

To fuel future growth, the Group has already taken decisive steps to diversify our investment portfolio to include selected Japanese commercial properties. This will allow the Group to take advantage of the pick-up in property demand in the world's third-largest economy in the wake of easing monetary policy by the Bank of Japan, as well as an increase in pace of the building of infrastructure ahead of the 2020 Olympic Games. Given this positive scenario and our familiarity with Japan – the Group has had an office in Osaka for several decades – we are confident that this strategic step will deliver positive returns and yield capital growth over time.

We have invested in two office buildings in Osaka, Japan's second largest city, in November 2014 through a pooled investment managed by our subsidiary, TCAP Pte Ltd.

There are also several other Australian property investment projects in the pipeline, which will add value to the Group.

We will persevere with our strategy of innovation and transformation to stay resilient and bring a brighter future for all our shareholders and the communities we serve.

NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman

Chairman's Statement

Our Lifestyle Division continued to face challenges from a slowing China market which were compounded by the austerity drive and credit controls imposed by the Chinese government – all of which impacted profitability and resulted in losses for the division.

However, with the convergence of consumer technologies that facilitate healthy living and the rising demand for beauty and environmental products, our Lifestyle Division has taken a strategic shift to focus on such products and further diversify its brand portfolio to drive sales and profitability.

We will continue to embark on more marketing campaigns to launch new innovative products that should deliver exciting customer experience.

We believe that this active reshaping of our Lifestyle portfolio away from the lower-margin, fast-moving consumer products is the best way to return to profitability and create value for our shareholders.

FINANCIAL REVIEW

The Group's financial position remains healthy. Our cash and bank balances, including pledged deposits stood at S$41.3 million as of December 31, 2014.

Net Asset Value per share as of December 31, 2014 eased to 3.74 cents from 3.91 cents as of December 31, 2013.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, our Corporate Social Responsibility initiatives have complemented our business philosophy and objectives.

The financial assistance which the Group provided in 2013 saw the completion of the construction of a new 4-storey building in May 2014 for an existing school under the 'Hope Project' in China for needy students. The school has been renamed as "TuanTuan Thakral Hope School of GaoDian Township of Fexi County".

The Group has in 2014 participated in various selected forms of activities through sponsoring, contributing or donating for meaningful events and to charitable / non-profit organisations ranging from creating awareness about homeless and abandoned street dogs and supporting programmes and services for people with disability in Singapore to taking steps towards providing a cleaner environment for children in a hospital and a kindergarten in China.

We are also honoured to be one of the corporate partners for in-kind sponsorship of prizes for Singapore Day 2015 to be held in April in Shanghai.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my utmost appreciation to our customers, business partners, bankers, shareholders and employees for their support during the period.

I would also like to welcome Mr Dileep Nair who joined us as an Independent Director and member of the Audit and Compensation Committees in January this year. His extensive experience with government ministries and financial institutions will add to the existing expertise available to the Board.

Further, I take this opportunity to express my sincere thanks and appreciation to our Non-Executive Director, Mr Ting Sii Tien @ Yao Sik Tien who has stepped down on 2 January 2015 for his contributions to the Group.

Going forward, we will persevere with our strategy of innovation and transformation to stay resilient and bring a brighter future for all our shareholders and the communities we serve.

We look forward to your continued support.

N. Subramaniam

NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman

Message from Managing Director Investments

INNOVATIVE INVESTMENT INITIATIVES FOR SUSTAINABLE RETURNS

2014 was another good year for the Investment Division. We improved our profit contribution by 42% compared to 2013.

Revenue for the division rose to S$17.1 million for the full year ended December 31, 2014 ("FY2014") (up 18%); while profit rose to S$13.6 million in FY2014, compared to a profit of S$9.6 million in financial year ended December 31, 2013 ("FY2013").

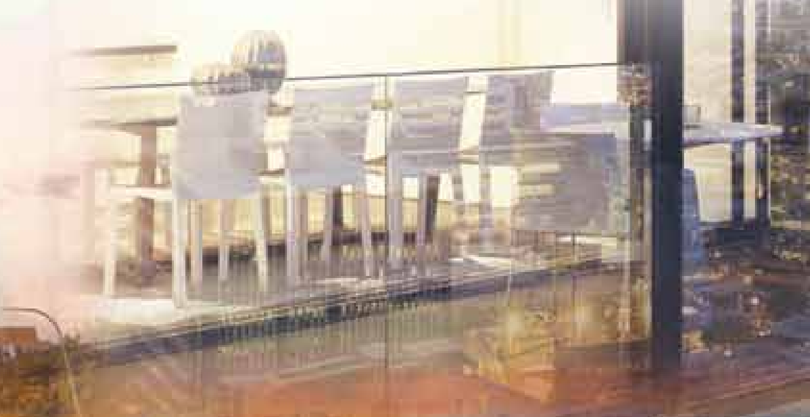
The improved contributions from the division reflects the success of our innovative investment strategy in our key market in Australia where we have benefitted from higher rental income from the GLNG projects and lower interest cost as well as investment in several substantial development projects and more efficient deployment of our capital to achieve better returns.

In May 2014, the Group entered into agreements for the FV Project in Brisbane committing up to A$46.2 million in capital. Located in Fortitude Valley, Brisbane, this iconic project comprises about 651 apartments in two towers in stage 1. In addition, the project has some 2,000 square meters of retail plus car parking for the retail and apartments. Stage 1 is almost sold out and is expected to commence construction in April 2015 with completion scheduled for the third quarter of 2017. The capital committed for this project was satisfied from internal sources as well as from co-investors and from mezzanine debt providers directly into the project. Accessing third party funds has enabled us to improve the return on our capital.

In November 2014, we also committed A$11 million in a residential project in Cammeray, a lower north-shore suburb of Sydney, Australia. Construction of the 21-unit Cammeray project at 18 Cambridge Street has began and is expected to be completed in the second quarter of 2016. Once again, we secured third party capital to supplement our own capital to enhance our returns.

To date, we have committed A$250 million in completed projects and projects under execution in Australia. This sum includes funds from internal sources and co-investor funds in projects with a completion value of more than A$1.788 billion - focusing on residential and mixed development projects.

The current low-interest rate environment in Australia (the Reserve Bank of Australia lowered its benchmark interest rate by 25 basis points to a new record low of 2.25 percent in February 2015) is expected to maintain a bouyant residential market and support the real estate sector generally. This should open other opportunities for our business.



While we continue to focus on Australia, the Group has also made its first foray into Japan to diversify and broaden our investment portfolio.

In view of the policy of the Japanese government to inflate the economy and boost growth, the real estate sector in Japan is expected to remain buoyant. We are already seeing a firming of cap rates and increased turnover.

We are optimistic about the future outlook for Japan amid the economic reforms by the Shinzo Abe administration as well as the expected boost to economic activities leading to the 2020 Olympic Games.

In November 2014, we invested, together with other investors, through a pooled investment structure, Thakral Japan Properties Pte Ltd, in two office buildings – Yotsubashi Nakano Building and Dai-ichi Jyuken Yotsubashi Building. Yotsubashi is a busy commercial and retail district in Osaka's Central Business District. It is Japan's second largest city with a population of over 8 million. These investments provide positive cash on cash return although some of the surplus cash flow is to be reinvested for capital improvements. There is further upside through tenanting out the vacant areas in both buildings.

We have several other new property projects in the pipeline, which will boost returns and in our view will add significant value to the Group. We have committed to another project for 131 apartments in stage 1 and about 140 apartments in stage 2 and we are in negotiations for several other projects which should be consummated within 2015 calendar year.

The Group will continue to adopt a sustainable growth strategy, leveraging on winning partnerships and long-term relationships.

Whilst we are poised to capture growth opportunities in Australia and Asia, the Group will stay vigilant and continue to monitor the markets closely and make value-added investments.

I would like to take this opportunity to thank my team at Thakral Capital Australia Pty Ltd for their dedication and great effort in delivering yet another set of sterling results.

My appreciation and gratitude is also extended to the Board of Directors for their continued support, encouragement and trust in my team and for the preparedness in entertaining new ideas and initiatives. I also thank the team providing back office support at our offices in Hong Kong and Singapore.

JAGINDER SINGH PASRICHA
Managing Director, Investments & Corporate

Message from Managing Director Lifestyle

LIFESTYLE TRANSFORMATION TOWARDS A BETTER FUTURE

The Lifestyle Division remains the Group's main revenue source.

This division continued to reshape its product portfolio consistent with the marketing strategy that we developed.

Mega-trends that are influencing lifestyles and consumption patterns include the growing awareness of beauty & health, increasing need to remain connected by the use of smart phones and the rising use of wearables as well as the desire for a better environment - emphasizing clean air and energy conservation.

This division has therefore focused its product portfolio to capture growth opportunities with innovative technology solutions and services to facilitate healthy living and sustainability objectives.

We see considerable opportunity to grow in this space, especially for lifestyle as well as beauty & health products and we will work to strengthen our foothold in these areas.

However, the financial year ended December 31, 2014 ("FY2014") was a rather difficult year for us. While we continued to grow our sales which hit S$482.7 million for FY2014, up 21% from S$398.6 million in the previous financial year, we ran into significant headwinds such as the economic slowdown and austerity campaign in China, exchange rate fluctuations and softening global consumer demand, which compressed our gross profit to S$24 million from S$25.9 million in the previous year ended December 31, 2013 ("FY2013").

This impacted profitability, resulting in the division reporting a wider segment loss to S$8.5 million in FY2014, compared to a loss of $4.1 million in FY2013.

Having said that, the overall figures mask some encouraging signs of our strategic shifts. To lay the foundation, we brought on board senior managers with strong capability and rich experience in each of the fields targetted by the Group. We also revitalised our sales team by bringing on board young sales and marketing personnel who are more familiar with and hence better positioned to promote the new product line-up in a fast-changing smart economy.

We will also expand our range of lifestyle products in key geographical markets including China, India, Japan and Singapore as well as other various export markets.

On December 1, 2014, the Company's wholly-owned subsidiary, Digital Info Technology Pte Ltd changed its name to Thakral Lifestyle Pte Ltd – to better reflect our business direction. This company is also the exclusive distributor of Beko - a renowned European brand for consumer appliances - in Singapore. Beko has achieved good progress since the brand was first launched in Singapore in December 2013.

Going forward, we will launch more lifestyle accessories, wearables, eco-friendly home appliances as well as beauty & health products in our key market, China and other regions. We shall also continue to grow our interior fittings and finishes business with a focus on eco-friendly products for markets such as Australia, Canada and India.

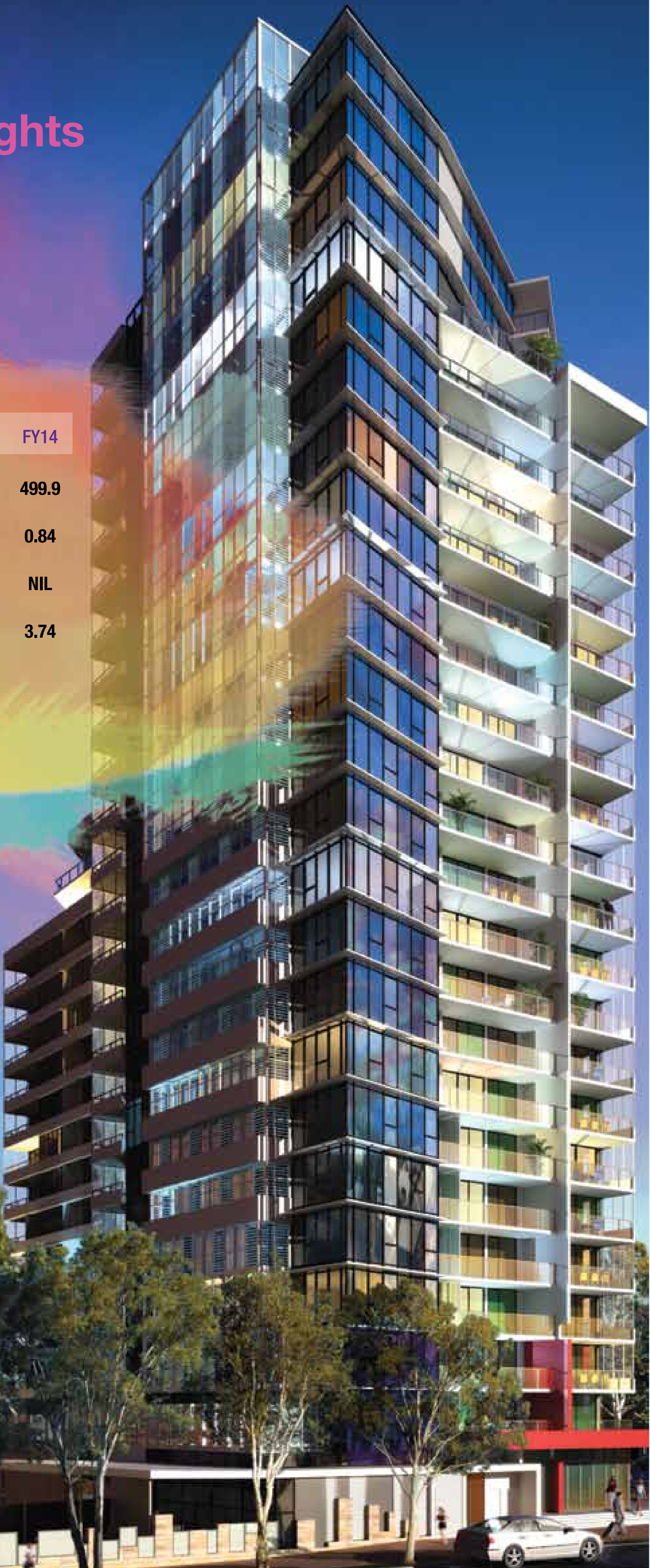
I would like to take this opportunity to express my utmost appreciation to all our management and staff for their commitment and dedication. I would also like to express my sincere thanks to the Board of Directors for their continued support in steering a new direction for the division.

INDERBETHAL SINGH THAKRAL
Managing Director, Lifestyle Business

Financial Highlights

	FY12	FY13	FY14
Revenue (S$ Million)	309.3	413.1	**499.9**
Net Profit (S$ Million)#	16.8*	0.01	**0.84**
Earnings Per Share (cent)#	0.62*	NIL	**NIL**
Net Asset Value (cents)	4.15	3.91	**3.74**

Includes net unrealised valuations gains on investment properties.
* Includes gain on disposal of Thakral Holdings Group shares.



Corporate Information

BOARD OF DIRECTORS

Executive:

Kartar Singh Thakral
Inderbethal Singh Thakral
Jaginder Singh Pasricha

Non-Executive:

Natarajan Subramaniam *(Chairman) Independent*
Lee Ying Cheun *Independent*
Pratap Chinnan Nambiar *Independent*
Dileep Nair *Independent*
Bikramjit Singh Thakral
(Alternate to Kartar Singh Thakral)

AUDIT COMMITTEE

Natarajan Subramaniam *(Chairman)*
Lee Ying Cheun
Pratap Chinnan Nambiar
Dileep Nair

NOMINATION COMMITTEE

Natarajan Subramaniam *(Chairman)*
Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)
Pratap Chinnan Nambiar

COMPENSATION COMMITTEE

Lee Ying Cheun (Chairman)
Natarajan Subramaniam
Dileep Nair

INVESTMENT COMMITTEE

Natarajan Subramaniam *(Chairman)*
Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)
Jaginder Singh Pasricha
Inderbethal Singh Thakral

COMPANY SECRETARIES

Chan Wan Mei
Tay Chee Wah

REGISTERED OFFICE

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416
Tel: (65) 6336 8966
Fax: (65) 6336 7225
E-mail: enquiries@thakralcorp.com.sg
Website: www.thakralcorp.com

SHARE REGISTRAR

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

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Audit Partner-In-Charge:
John Tan Hon Chye
Date of Appointment:
26 April 2012

PRINCIPAL BANKERS

Westpac Banking Corporation
Australia

United Overseas Bank Limited
Singapore

China Merchants Bank Co., Ltd.
China

China Citic Bank International Ltd.
Hong Kong

Bank of Ningbo
China and Hong Kong

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

Board of Directors

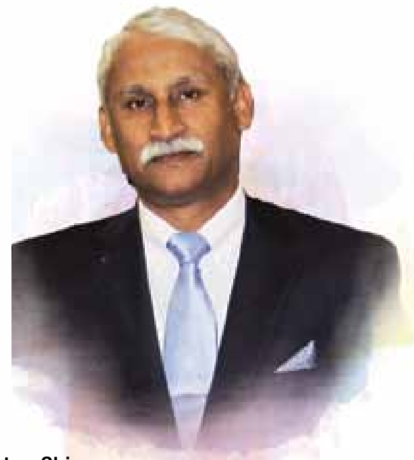
Natarajan
Subramaniam

Kartar Singh
Thakral

Inderbethal Singh
Thakral

Lee Ying Cheun

Jaginder Singh
Pasricha



Pratap Chinnan
Nambiar

Dileep Nair

Bikramjit Singh
Thakral

Natarajan Subramaniam Age 76

Independent Non-Executive Chairman and Director

Mr Natarajan Subramaniam is the Non-Executive Chairman of the Board and a Non-Executive Director of the Company. Prior to the appointment of Non-Executive Chairman, he was the Deputy Chairman of the Board. Mr Subramaniam was first appointed a Director on 15 November 1995 and was last re-appointed on 24 April 2014. He is also Chairman of the Audit, Investment and Nomination Committees and a member of the Compensation Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Subramaniam to be an independent director.

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

Kartar Singh Thakral Age 81

Executive Director

Mr Kartar Singh Thakral is an Executive Director of the Company and was the Executive Chairman since the Company's listing until 31 December 2011. He was first appointed a Director since the incorporation of the Company on 7 October 1993 and was last re-appointed on 24 April 2014. He is a member of the Nomination and Investment Committees of the Company.

In addition, Mr Thakral is the Chairman of the Thakral Family Companies. He joined the family trading business in 1949. He was a director of the Singapore Trade Development Board appointed by the Minister for Trade and Industry for a period of four years until 31 December 1998, the Joint Chairman and Non-Executive Director of Australia listed Thakral Holdings Limited and a Non-Executive Director of India listed GIVO Limited till 22 October 2012 and 31 March 2009 respectively. He was also a member of the Committee to Promote Enterprise Overseas and a member of the Regional Business Forum, both appointed by the Singapore Government. He is a trustee of the Singapore Sikh Education Foundation and Sri Guru Nanak Sat Sang Sabha and was a trustee of Singapore Indian Development Association from 1991 till 31 December 2006.

Inderbethal Singh Thakral Age 55

Executive Director

Mr Inderbethal Singh Thakral ("Mr Bethal") is the Managing Director, Lifestyle Business of the Group. He was first appointed a Director on 12 August 1994 and was last re-elected on 25 April 2013. He is a member of the Investment Committee of the company.

Mr Bethal has extensive experience in the distribution business and headed the Group's operations in Hong Kong and China since 1984. He joined the family business, Thakral Brothers (Pte) Ltd in Singapore in 1975. In 1980, he moved to Japan to familiarise himself with the operations and business partners there. With China trade becoming an important part of Hong Kong's business direction, Mr Bethal focused on expanding the Group's business in the PRC and developing trade relations in the PRC and Hong Kong. At the same time, he enlarged the range of brands as well as product lines carried by the Group thereby increasing its share of the distribution business market. He is also actively involved in the Group's investments in Japanese properties as a director of its associated company, Thakral Japan Properties Pte Ltd which acts as a pooled investment vehicle with equity from the Group and other investors.

Mr Bethal was a Non-Executive Director of Thakral Holdings Limited, a formerly Australian listed property group investing in hotels, retail, commercial and residential properties, management of retail centres & commercial properties and development and sale of land and buildings. He is a Director of the Company's Singapore subsidiary, Thakral Capital Holdings Pte Ltd and the Chairman of Sahib Sri Guru Gobind Singh Ji Education Trust, Hong Kong.

Board of Directors

Lee Ying Cheun Age 73

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 24 April 2014. Mr Lee is the Chairman of the Compensation Committee and a member of the Audit Committee. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Lee to be an independent director.

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

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

Jaginder Singh Pasricha Age 67

Executive Director

Mr Jaginder Singh Pasricha is the Managing Director, Investments & Corporate of the Company. He was first appointed a Director on 2 September 2008 and was last re-elected on 26 April 2012. He is a member of the Investment Committee of the Company.

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

Mr Pasricha is a Non-Executive Director of Singapore listed Jacks International Limited and was for a number of years a Non-Executive Director of Thakral Holdings Limited which was listed on the Australian Stock Exchange. He is a graduate of King's College London University where he also read his masters at law. He is a member of the Honourable Society of the Inner Temple.

Pratap Chinnan Nambiar Age 60

Independent Non-Executive Director

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

Mr Nambiar is the founder and Chairman of Thought Perfect Pte Ltd, a Singapore based firm providing coaching and mentoring services to CEOs. He is also the Director of The Leadership Circle which is the world's leading process of evaluating leadership effectiveness. Earlier he was with Heidrick & Struggles as a Partner in their Leadership Consulting Practice in Asia Pacific. He has over 40 years of international work experience across all continents and approximately 5,000 hours of coaching senior leaders.

Prior to his executive coaching days, Mr Nambiar was a US Partner with KPMG, based in Singapore as Head of Global Markets for Asia Pacific for seven years. He also sat on the oversight Board of KPMG India. He was based in Moscow from 1992 to 1994 as Head of Business Advisory services for Ernst & Young in Russia. Starting his career in the Market Research division of J. Walter Thompson, Mr Nambiar has been exposed to a wide range of products and services holding senior management positions in multi-national companies like Eastman Kodak, The Bata Shoe Company, Ernst & Young and KPMG. He has also lived and worked in Indonesia, Nigeria, Singapore, India, travelling all over the Asia Pacific & Middle East region.

An avid poetry writer and philanthropist, he has published 2 books where a significant part of the books' proceeds goes to charity. He also gave back to society as an Executive in Residence at the National University of Singapore Business School, helping to build bridges between academia and industry.

Mr Nambiar is an honours graduate in economics and statistics and a gold medal winner in his postgraduate studies in advertising and public relations. He is also a Fellow of The Chartered Institute of Marketing (CIM UK) with a MBA from the National University of Singapore, a Chartered Business Coach certified by Middlesex University and the Worldwide Association of Business Coaches and a member of International Coach Federation, The Leadership Circle, Marshall Goldsmith's Stakeholder Centric Coaching and Mindfulness Training from The Potential Project. He was the Founder President (1996) of the Singapore branch of The Chartered Institute of Marketing and was conferred the CIM President's Award.

Dileep Nair Age 64

Independent Non-Executive Director

Mr Dileep Nair is appointed as an Independent Non-Executive Director of the Company with effect from 2 January 2015. He is also a member of the Audit Committee and Compensation Committee of the Company.

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.

Mr Nair is currently with the Ministry of Foreign Affairs serving as the High Commissioner to the Republic of Ghana. Prior to that, he was appointed 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 is an Advisor to Singapore listed companies, Hyflux Ltd and Atlantic Navigation Holdings (Singapore) Limited, 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, a Director of Agri-Food & Veterinary Authority of Singapore and a part-time lecturer at the Singapore Management University and the Civil Service College of Singapore.

Before joining the Ministry of Foreign Affairs, Mr Nair was the Under-Secretary-General for Internal Oversight Services at the United Nations from 2000 to 2005. From 1997 to 2000, Mr Nair was Chief Executive Officer of the Post Office Savings Bank of Singapore; when the bank was acquired by the Development Bank of Singapore in 1998, Mr Nair stayed on as Managing Director.

Before he left the civil service to join the Post Office Savings Bank of Singapore, Mr Nair was Deputy Secretary of the Ministry of Trade and Industry before holding the position of Deputy Secretary of the Ministry of Defence. Mr Nair started his long civil service career in 1974 at the Housing Development Board, before joining the Administrative Service and being appointed Deputy Director and then Director in the Ministry of Finance.

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

Bikramjit Singh Thakral Age 39

(Alternate to Kartar Singh Thakral)

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

Bikram is the Chief Executive Officer and a Director of Thakral One Pte Ltd, a Thakral family owned technology consulting and services company headquartered in Singapore with operations across Asia Pacific. Thakral One is primarily focused on providing solutions and advisory around core banking applications, business and analytics and technology risk management. 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 organizations in Asia in the areas of sector competitiveness and public policy.

Bikram is 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 Harvard Business School.

Key Executives

Anil Moolchand Daryanani
Chief Financial Officer

Mr Anil Moolchand Daryanani is the Chief Financial Officer ("CFO") and has overall responsibility for the financial functions at the Group including reporting, risk management, internal controls, financial planning, treasury and taxation with additional responsibilities for legal and corporate secretarial functions. Prior to his appointment as CFO, Anil was the Group Financial Controller. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and the Hong Kong Institute of Certified Public Accountants as well as an Associate of the Institute of Chartered Accountants in England and Wales.

Anil joined the Group in 1982 and has more than 30 years of experience in financial management, taxation, accounting, legal and corporate financial matters. He has played key roles in the major corporate exercises undertaken by the Group right from and including the listing of the Group in 1995 on the main board of the Stock Exchange of Singapore. He works closely with the Group's banks and financial, tax and legal advisers in Hong Kong and Singapore.

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

Mr Kanwaljeet Singh Dhillon is the Executive Director of Thakral Corporation (HK) Limited, and is responsible for a key part of the Group's sales and marketing operations. He joined the Group in 1977 and has more than 35 years of experience in trading and distribution. His mastery of the Chinese market has been a strong enabler for the Group's growth in Hong Kong and China and he has contributed strongly to the growth in overall sales of the Group since its listing. Kanwaljeet graduated from Punjab University, India in 1974 with a Bachelor of Commerce Degree.

Principal Officers

THAKRAL CORPORATION LTD
Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Managing Director, Lifestyle Business

Jaginder Singh Pasricha
Managing Director, Investments & Corporate

Anil Moolchand Daryanani
Chief Financial Officer

K F Patrick Lau
Group Internal Auditor

Vivian But (Ms)
Deputy Financial Controller (Corporate)

Patrick Lau
Asst Financial Controller (Corporate)

THAKRAL CORPORATION (HK) LIMITED
Hong Kong

Inderbethal Singh Thakral
Managing Director, Lifestyle Business

Kanwaljeet Singh Dhillon
Executive Director

Pessumal Motwani
Senior Vice President - Sales & Marketing

Sophie Doo (Ms)
Financial Controller

THAKRAL CAPITAL AUSTRALIA PTY LTD
Melbourne & Sydney, Australia

Jaginder Singh Pasricha
Managing Director

Greggory John Piercy
Executive Director

Victor Shkolnik
Executive Director

Kevin Charles Barry
Exective Director

THAKRAL BROTHERS LIMITED
Osaka, Japan

Kuldip Singh Thakral
Chairman

Sueko Takahashi (Ms)
General Manager & Chief Financial Officer

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

Inderbethal Singh Thakral
Managing Director, Lifestyle Business

Sam Zhang
General Manager - Sales & Marketing

Gan Liang
Senior Vice President

Sean Qiu
Financial Controller

SINGAPORE SOURCING & TECHNOLOGY PVT LTD
Noida, India

Dixit Bhatia
Chief Financial Officer

THAKRAL LIFESTYLE PTE LTD
Singapore

Teo Wee Kiang
Senior Vice President

Angeline Koo (Ms)
Finance & HR Manager

Corporate Governance Report

The Company is committed to enhancing shareholder value through good corporate governance. This report describes the corporate governance framework and practices of the Company, reflecting the need to balance enterprise and accountability. The Board of Directors is pleased to report that the Company has generally complied with the 2012 Code of Corporate Governance (the "Code") except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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

The Company has established an extensive list of matters that requires Board approval. The list was last reviewed and updated by the Board during its November 2014 meeting. The latest list covers matters relating to:

- appointment of Chairman, Directors, Managing Director(s), Senior Executive Officers, Company Secretary/Chief Financial Officer/Group Internal Auditor and External Auditors;
- appointment of Board Committees and approving their terms of reference;
- appointment of and changes to legal representative(s) (or person(s) of equivalent authority) to the Company and/or any of its principal subsidiaries where such appointment/designation would have powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of the Company or that principal subsidiary;
- appointment of and changes to independent directors of the Company who are on the boards of the Company's local and overseas principal subsidiaries;
- announcements to the SGX-ST including approval and release of quarterly and annual financial results and annual reports;
- business strategy and operating budgets;
- related party transaction matters;
- incorporation, acquisition and disposal of subsidiaries or other assets or incurring liabilities over S$12 million (for those below S$12 million authority for approval has been given to the Investment Committee);
- investments, capital projects and other transactions outside the ordinary course of business above S$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;
- corporate policies in keeping with good corporate governance and business practice;
- establishment and monitoring of a robust and effective system of internal controls that address financial, operational and compliance and information technology risks;
- disclosure of directors' interests and loan agreements which make reference to control or controlling shareholders' interest including obtaining an undertaking from controlling shareholder to provide notification when share pledging arrangements are entered into such that the details of the pledge can be disclosed by the Company;
- prospectus and new issue documents;
- allotment, call and forfeiture of shares, transfer of securities during a trading suspension which requires approval from SGX, dividend distribution, raising new capital and confirming major financial facilities; and
- political donations of any amount and charitable donations exceeding S$10,000.

Corporate Governance Report

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

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

Details of the directors' attendance at each Board and Committee meetings during the financial year ended 31 December 2014 (the "Financial Year") are as follows:

Director	Board	Audit Committee	Compensation Committee	Nomination Committee	Investment Committee
No. of Meetings held	**4**	**4**	**1**	**2**	**6**
Natarajan Subramaniam	4/4	4/4	1/1	2/2	6/6
Kartar Singh Thakral (Alternate: Bikramjit Singh Thakral)	4/4	NA	NA	2/2	6/6
Lee Ying Cheun	4/4	4/4	1/1	NA	NA
Pratap Chinnan Nambiar	4/4	4/4	NA	2/2	NA
Inderbethal Singh Thakral[1]	4/4	NA	NA	NA	2/2
Jaginder Singh Pasricha	4/4	NA	NA	NA	6/6
Ting Sii Tien @ Yao Sik Tien[2]	4/4	NA	1/1	NA	NA
Dileep Nair[3]	NA	NA	NA	NA	NA

1 Appointed as Investment Committee member with effect from 12 May 2014.

2 Resigned with effect from 2 January 2015.

3 Appointed with effect from 2 January 2015.

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

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

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

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

Mr Natarajan Subramaniam	(Chairman)
Mr Kartar Singh Thakral (Alternate: Mr Bikramjit Singh Thakral)	(Member)
Mr Jaginder Singh Pasricha	(Member)
Mr Inderbethal Singh Thakral	(Member)

Corporate Governance Report

The Investment Committee has written Terms of Reference that describe the responsibilities of its members. Its terms of reference was last reviewed and updated by the Board in November 2014. The role of the Investment Committee is as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amount up to S$12 million for a single transaction or series of transactions relating to the same subject matter where the total investment is more than 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 proposals, 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 role and powers of the Committee;
- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily; and
- to carry out such other duties as may be agreed by the Committee and the Board.

Principle 2: Board Composition and Guidance

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

The Board also welcomes gender diversity but takes the view that Board appointments should be based on merit, suitability and availability rather than gender alone.

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

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

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

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

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

Principle 4: Board Membership

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

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

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

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed in November 2014.

The duties of the Nomination Committee are as follows:

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

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

Corporate Governance Report

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

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

Principle 5: Board Performance

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

A formal assessment of the effectiveness of Chairman of the Board and the Board as a whole was undertaken by the Board based on input from individual board members and the Chairman. The feedback and recommendation from the Directors are reviewed and discussed by the Board collectively. A self-evaluation carried out by individual directors on effectiveness and contribution reflected that the directors believe that they have met the evaluation criteria such as candour, preparedness, participation, attendance, contributions to discussions in a positive manner, leadership, strategic thinking and integrity when discharging their responsibility. The Board after discussion was of the view that the performance of individual members of the Board and the Board as a whole was satisfactory. Board members concurred that the Chairman has performed effectively in his role and responsibilities.

Principle 6: Access to Information

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

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

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

Corporate Governance Report

REMUNERATION MATTERS

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

The Compensation Committee comprises:

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

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

The Compensation Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed in November 2014. The duties of the Compensation Committee are as follows:

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

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

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

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

The Compensation Committee has reviewed the remuneration of non-executive directors, executive directors and senior executives of the Group and has recommended the remuneration payable to each of the above category for the Board's approval. No director was involved in deciding his own remuneration. In setting remuneration packages for executive directors and key executives, the Company has taken into account the performance of the Company and that of its executive directors and officers. A proportion of remuneration is linked to group or individual performance that is aligned with the interests of shareholders in promoting long-term success of the Company.

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

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

Corporate Governance Report

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

Directors' Remuneration:

Name of Director	Remuneration S$'000	Fees %	Salary %	Bonus/Ex-gratia %	Benefits %	Total %
Jaginder Singh Pasricha	852.2	–	64	33	3	100
Inderbethal Singh Thakral	569.3	–	27	–	73	100
Kartar Singh Thakral	313.9	–	99	–	1	100
Natarajan Subramaniam	232.5	100	–	–	–	100
Lee Ying Cheun	99.0	100	–	–	–	100
Pratap Chinnan Nambiar	82.5	100	–	–	–	100
Ting Sii Tien @ Yao Sik Tien*	71.5	100	–	–	–	100
Dileep Nair#	–	–	–	–	–	–

* - Resigned wef 2 January 2015

- Appointed wef 2 January 2015

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

Key Senior Executives' Remuneration:

Name of Executive	Salary %	Bonus/Ex-gratia %	Benefits %	Total %
S$250,000 to below S$500,000				
Kanwaljeet Singh Dhillon	55	–	45	100
Kevin Charles Barry	78	22	–	100
Greggory John Piercy	78	22	–	100
Victor Shkolnik	78	22	–	100
Below S$250,000				
Anil Moolchand Daryanani	55	18	27	100
K F Patrick Lau	92	4	4	100

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

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

Name of Immediate Family Member of Director	Salary %	Bonus/Ex-gratia %	Benefits %	Total %
S$100,000 to below S$150,000				
Satbir Singh Thakral	44	–	56	100
Harminder Kaur Pasricha	100	–	–	100
Indergopal Singh Thakral	35	–	65	100
Below S$100,000				
Kuldip Singh Thakral	–	–	–	–

Mr Kuldip Singh Thakral, Chairman of Thakral Brothers Limited, Osaka, is the brother of Mr Kartar.

Corporate Governance Report

Mr Satbir Singh Thakral is the son of Mr Bethal. He is the Sales & Marketing Manager of the Lifestyle Division of the Company's wholly-owned subsidiary, Thakral China Ltd. Mr Indergopal Singh Thakral is the grand-nephew, grandson and nephew of Mr Kartar, Mr Kuldip Singh Thakral and Mr Bethal respectively. He is the Sales & Marketing Manager of the Health and Beauty Division of Thakral China Ltd.

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

No share options have been granted to the above-mentioned immediate family members of directors during the Financial Year.

Employees' Share Option Scheme and Share Performance Plan

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

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

No awards have been issued since the adoption of the 2001 Plan and no new options have been granted since March 2007. The 2001 Scheme and 2001 Plan have both expired on 30 March 2011. A proposal for an option scheme for employees of the Investment Division has been announced on 29 January 2015 and its implementation is subject to an extraordinary general meeting to be held later.

Further information on the 2001 Scheme has been disclosed in the Report of the Directors from page 41 to 42.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

Corporate Governance Report

Principle 11: Risk Management and Internal Controls

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

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

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

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

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

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

Principle 12: Audit Committee

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

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

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

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

Mr Nambiar is an honours graduate in Economics and Statistics from Bombay University and a MBA holder from the National University of Singapore. He is the Founder and Executive Chairman of Thought Perfect Pte Ltd, a Singapore based business performance coaching firm for CEOs. He has over 35 years of international experience and has held senior management roles in multinational corporations. With Mr Nambiar's business background and experience, his past active participation in relevant Audit Committee workshops which equips him with the knowledge of the roles and responsibilities of the Audit Committee as well as the experience gained as an Audit Committee member of the Company for the past years, the Board is confident that he is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

Corporate Governance Report

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. 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.

The Audit Committee's Terms of Reference clearly set out its authority and duties. The Terms of Reference were last reviewed and revised in November 2014. While focusing in particular on the areas of financial reporting, risk management and internal controls, the Audit Committee has been tasked to:

- review annual financial statements and quarterly announcements, including significant changes financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance, before consideration and adoption by the Board;
- assess and provide a negative confirmation on the character and integrity of the Chief Financial Officer (or its equivalent rank) of the Company as and when required under the Listing Manual;
- 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;
- review the scope and results of the external audit and the independence and objectivity of the external auditors. This also includes evaluating any non-audit services to the Company, the nature and extent of such services in order to balance the maintenance of objectivity and cost effectiveness to ensure that the independence of the auditors would not be compromised;
- evaluate the effectiveness of the external auditors' efforts;
- review and recommend to the Board the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- review the adequacy and effectiveness of internal controls and risk management policies and systems established by Management;
- review the adequacy and effectiveness of the Company's internal audit function and ensure that the internal audit function is adequately resourced, has the appropriate standing within the Company and independent of the activities it audits;
- review the scope and results of the internal audit procedures and peruse regular reports submitted by the Head of the Internal Audit Department;
- review the appointment, removal, evaluation and compensation of the internal audit function and ensure that it is adequately staffed with competent personnel;
- 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;
- 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;
- discuss the internal accounting controls with Management and be satisfied with their effectiveness;
- review the arrangements for monitoring compliance with important regulatory or legal requirements and for monitoring sensitive transactions;
- review the nature and appropriate disclosure of related party transactions on a quarterly basis;

Corporate Governance Report

- 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;
- follow up on any complaints received from staff members or any other persons as a result of the Group's whistle blowing policy; and
- examine any other matters referred to by the Board.

The aggregate amount of fees paid to the auditors, broken down into audit and non-audit services have been disclosed in the notes to financial statements. In accordance with its Terms of Reference and as required under Rule 1207(6)(b) of the Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors for the year ended 31 December 2014 and confirmed that they would not, in the Audit Committee's opinion, affect the independence and objectivity of the auditors.

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

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

The Audit Committee has met four times during the Financial Year and details of their activities are disclosed in the Directors' Report.

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 Group Internal Auditor ("GIA"), 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 GIA administers the policy. In addition, the GIA also furnishes quarterly reports to the Audit Committee stating the number and nature of complaints received, the results thereof, follow up action and the unresolved complaints, 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 25 February 2015, the Audit Committee reviewed and approved the policy and procedures statement providing a wider coverage in accordance with the recommendations made in the Guidebook for Audit Committees in Singapore issued in August 2014. 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.

Corporate Governance Report

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

Name of interested person	Aggregate value of all interested person transactions during the year ended 31 December 2014 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 / related funds		
Purchases, net of returns	–	10,160
Sales, net of returns	–	998
Profit share for purchasing services	460	–
Joint investment in Japan property	2,504	–
Operating lease charges paid/payable	168	–
ASK Holdings Sdn Bhd		
Co-investment in loans receivable	1,138	–

Principle 13: Internal Audit

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

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

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

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

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

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

Corporate Governance Report

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

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

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

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

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

The Board concurred that the Company's dividend policy was to declare dividend subject to availability of profits and cash. Dividend was not declared for the Financial Year as the Group wishes to conserve cash for its expansion plan as outlined in its announcement and press release on 25 February 2015.

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

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

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

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

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

Corporate Governance Report

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

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

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

DEALINGS IN SECURITIES

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

Financial Contents

Report of the Directors

The directors present their report together with the audited consolidated financial statements of Thakral Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2014.

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	
Jaginder Singh Pasricha	
Pratap Chinnan Nambiar	
Dileep Nair	(Appointed on January 2, 2015)
Bikramjit Singh Thakral	(Alternate Director to Kartar Singh Thakral)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of directors			Shareholdings in which directors are deemed to have an interest		
Name of directors and companies in which interests are held	At beginning of year	At end of year	As at January 21, 2015	At beginning of year	At end of year	As at January 21, 2015
The Company			**Ordinary shares**			
Kartar Singh Thakral	–	–	–	781,473,230	781,473,230	781,473,230
Inderbethal Singh Thakral	–	–	–	781,473,230	781,473,230	781,473,230
Jaginder Singh Pasricha	–	–	–	41,964,000	80,000,000	80,000,000
Bikramjit Singh Thakral	178,000	178,000	178,000	384,525,576	384,525,576	384,525,576
Subsidiary - TCAP Pte Ltd			**Ordinary shares**			
Jaginder Singh Pasricha	–	–	–	12,250	12,250	12,250

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

Report of the Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the consolidated financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

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

5 SHARE OPTIONS

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

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

Date of grant	Balance as at January 1, 2014	Cancelled or lapsed	Exercised	Balance as at December 31, 2014	Exercise price (S$)	Exercisable period
Mar 8, 2004	5,020,000	(5,020,000)	–	–	0.10	Mar 8, 2005 to Mar 7, 2014
Aug 5, 2004	90,000	(90,000)	–	–	0.10	Aug 5, 2005 to Aug 4, 2014
Apr 1, 2005	3,830,000	(100,000)	–	3,730,000	0.07	Apr 1, 2006 to Mar 31, 2015
Apr 3, 2006	822,500	(37,500)	–	785,000	0.04	Apr 3, 2007 to Apr 2, 2016
Feb 1, 2007	900,000	–	–	900,000	0.05	Feb 1, 2008 to Jan 31, 2017
	10,662,500	(5,247,500)	–	5,415,000		

During the year, 5,110,000 share options expired upon the lapsing of the exercisable period and 137,500 share options were cancelled upon the employees leaving the Group.

c) The members of the Compensation Committee administering the 2001 Scheme during the year were Messrs Lee Ying Cheun (Chairman), Natarajan Subramaniam and Ting Sii Tien @ Yao Sik Tien (resigned on January 2, 2015).

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

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

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

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

Report of the Directors

5 SHARE OPTIONS (cont'd)

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

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

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

6 AUDIT COMMITTEE

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

Natarajan Subramaniam	(Chairman)
Lee Ying Cheun	
Pratap Chinnan Nambiar	
Dileep Nair	(Appointed on January 2, 2015)

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 and external auditors' examination and internal auditors' evaluation of the Group's systems of internal accounting controls;

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

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

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

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

f) the quality of the work performed by the external auditors and to recommend their re-appointment to the Board of Directors.

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

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

Report of the Directors

7 AUDITORS

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

ON BEHALF OF THE BOARD

Mr Kartar Singh Thakral

Mr Inderbethal Singh Thakral

March 27, 2015

Statement of Directors

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 46 to 111 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE BOARD

Mr Kartar Singh Thakral

Mr Inderbethal Singh Thakral

March 27, 2015

Independent Auditor's Report

To the Members of Thakral Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2014, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 111.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 27, 2015

Statements of Financial Position

December 31, 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		S$'000	S$'000 (Restated)	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances	7	19,206	45,935	194	185
Trade receivables	8	12,625	26,423	–	–
Other receivables and prepayments	9	9,601	28,284	60	165
Bills receivable		57	145	–	–
Loans receivable	15	15,643	2,500	–	–
Derivative financial instrument	16	401	–	–	–
Investment properties held for sale	13	7,457	–	–	–
Inventories	10	27,704	34,148	–	–
Total current assets		92,694	137,435	254	350
Non–current assets					
Property, plant and equipment	11	5,245	5,403	16	21
Investment properties	12	80,638	86,612	–	–
Subsidiaries	14	–	–	120,738	121,608
Loans receivable	15	19,009	19,842	–	–
Pledged fixed deposits	7	22,130	7,694	–	–
Other receivables and prepayments	9	813	253	–	–
Available–for–sale investments	17	12,633	7	–	–
Total non–current assets		140,468	119,811	120,754	121,629
Total assets		233,162	257,246	121,008	121,979
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	7,913	20,361	–	–
Bills payable and trust receipts	19	12,973	18,427	–	–
Bank overdrafts and loans	20	50,691	47,591	–	–
Other payables	21	15,530	12,377	368	357
Provisions	22	3,041	3,630	46	39
Income tax payable		79	165	–	–
Total current liabilities		90,227	102,551	414	396
Non-current liabilities					
Amount owing to subsidiaries	14	–	–	29,273	24,216
Loans from banks and a financial institution	20	36,751	47,484	–	–
Deferred tax liability	23	429	383	–	–
Total non-current liabilities		37,180	47,867	29,273	24,216
Capital, reserves and non-controlling interests					
Issued capital	24	72,579	72,579	72,579	72,579
Reserves	25	25,182	29,782	18,742	24,788
Equity attributable to equity holders of the Company		97,761	102,361	91,321	97,367
Non-controlling interests		7,994	4,467	–	–
Total equity		105,755	106,828	91,321	97,367
Total liabilities and equity		233,162	257,246	121,008	121,979

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss

Year ended December 31, 2014

	Note	Group 2014 S$'000	Group 2013 S$'000
Revenue	27	499,857	413,139
Cost of sales		(475,810)	(387,220)
Gross profit		24,047	25,919
Other operating income	28	1,513	2,190
Distribution costs		(6,544)	(5,740)
Administrative expenses		(16,324)	(17,920)
Other operating expenses		(841)	(508)
Finance income		1,403	1,341
Finance costs	29	(5,239)	(7,323)
Valuation gains on investment properties	12	2,906	2,616
Profit before income tax		921	575
Income tax expense	30	(78)	(565)
Profit for the year	31	843	10
(Loss) Profit attributable to:			
Equity holders of the Company		(112)	(101)
Non-controlling interests		955	111
		843	10
Basic loss per share (cent)	33	(0.00)	(0.00)
Diluted loss per share (cent)	33	(0.00)	(0.00)

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2014

	Group	
	2014	2013
	S$'000	S$'000
Profit for the year	843	10
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus on transfer of property from property, plant and equipment to investment properties	–	307
Deferred tax relating to components of other comprehensive income that will not be reclassified subsequently	–	(25)
Items that may be reclassified subsequently to profit or loss		
Translation loss arising on consolidation	(1,935)	(3,674)
Fair value gain on available-for-sale investments, net of tax	244	–
Other comprehensive loss for the year, net of tax	(1,691)	(3,392)
Total comprehensive loss for the year	(848)	(3,382)
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	(1,983)	(3,568)
Non-controlling interests	1,135	186
	(848)	(3,382)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2014

	Issued capital	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non–controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance at January 1, 2013	72,531	2,751	–	759	(24,032)	56,487	108,496	4,557	113,053
Total comprehensive (loss) income for the year									
(Loss) Profit for the year	–	–	–	–	–	(101)	(101)	111	10
Other comprehensive income (loss) for the year	–	374	–	–	(3,841)	–	(3,467)	75	(3,392)
Total	–	374	–	–	(3,841)	(101)	(3,568)	186	(3,382)
Transactions with owners, recognised directly in equity									
Dividend (Note 32)	–	–	–	–	–	(2,615)	(2,615)	–	(2,615)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(276)	(276)
Issue of shares on exercise of employees' share options	48	–	–	–	–	–	48	–	48
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	–	–	(496)	–	496	–	–	–
Total	48	–	–	(496)	–	(2,119)	(2,567)	(276)	(2,843)
Balance at December 31, 2013	72,579	3,125	–	263	(27,873)	54,267	102,361	4,467	106,828

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2014

	Issued capital	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non–controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance at December 31, 2013	72,579	3,125	–	263	(27,873)	54,267	102,361	4,467	106,828
Total comprehensive (loss) income for the year									
(Loss) Profit for the year	–	–	–	–	–	(112)	(112)	955	843
Other comprehensive income (loss) for the year	–	153	122	–	(2,146)	–	(1,871)	180	(1,691)
Total	–	153	122	–	(2,146)	(112)	(1,983)	1,135	(848)
Transactions with owners, recognised directly in equity									
Dividend (Note 32)	–	–	–	–	–	(2,617)	(2,617)	–	(2,617)
Dividend paid to non–controlling shareholders	–	–	–	–	–	–	–	(3,743)	(3,743)
Cash contributions from non–controlling shareholders in a subsidiary	–	–	–	–	–	–	–	6,135	6,135
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	–	–	(11)	–	11	–	–	–
Total	–	–	–	(11)	–	(2,606)	(2,617)	2,392	(225)
Balance at December 31, 2014	72,579	3,278	122	252	(30,019)	51,549	97,761	7,994	105,755

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2014

	Issued capital S$'000	Options reserve S$'000	Retained earnings S$'000	Total S$'000
Company				
Balance at January 1, 2013	72,531	759	26,762	100,052
Loss for the year, representing total comprehensive loss for the year	–	–	(118)	(118)
Transactions with owners, recognised directly in equity				
Dividend (Note 32)	–	–	(2,615)	(2,615)
Issue of shares on exercise of employees' share options	48	–	–	48
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	(496)	496	–
Balance at December 31, 2013	72,579	263	24,525	97,367
Loss for the year, representing total comprehensive loss for the year	–	–	(3,429)	(3,429)
Transactions with owners, recognised directly in equity				
Dividend (Note 32)	–	–	(2,617)	(2,617)
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	(11)	11	–
Balance at December 31, 2014	72,579	252	18,490	91,321

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2014

	Group	
	2014	2013
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	921	575
Adjustments for:		
Depreciation expense	474	508
Interest income from loans receivables	(5,799)	(3,799)
Interest expense	5,239	7,323
Interest income	(1,403)	(1,341)
Loss (Gain) on disposal of property, plant and equipment	4	(15)
Gain on exercise of derivative financial instrument	(837)	–
Valuation gains on investment properties	(2,906)	(2,616)
Unrealised gain on outstanding derivative financial instrument	(401)	–
Net unrealised foreign exchange gain	(136)	(2,517)
Impairment loss on available-for-sale investments	4	–
Reversal of impairment loss on property, plant and equipment	–	(170)
Provision for employee benefits	238	315
Allowance for inventories	576	956
Allowance for doubtful trade receivables	316	1,400
Allowance (Reversal) for doubtful other receivables	48	(1)
Operating cash flows before movements in working capital	(3,662)	618
Trade receivables	13,797	4,144
Other receivables and prepayments	17,657	(20,128)
Inventories	6,706	13,359
Trade payables	(12,789)	11,836
Other payables and provisions	2,601	(1,130)
Cash generated from operations	24,310	8,699
Income tax paid	(177)	(850)
Interest paid	(4,681)	(7,230)
Interest received	2,283	465
Net cash from operating activities	21,735	1,084

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows (cont'd)

Year ended December 31, 2014

	Group	
	2014	2013
	S$'000	S$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(236)	(76)
Proceeds from disposal of property, plant and equipment	1	18
Proceeds from disposal of available-for-sale investments	–	3,801
Repayment of loans receivable – current and non-current	15,770	6,041
Additions to loans receivable – current and non-current	(23,822)	(20,554)
Purchase of available-for-sale investment	(12,120)	–
Additions to investment properties and investment properties under development	–	(8,018)
Acquisition of derivative financial instruments	(124)	–
Proceeds from exercise of derivative financial instruments	968	–
Net cash used in investing activities	(19,563)	(18,788)
FINANCING ACTIVITIES		
Proceeds from issue of shares on exercise of employees' share options	–	48
Cash contributions from non-controlling shareholders in a subsidiary	6,135	–
Dividend paid to non-controlling shareholders	(4,019)	–
Dividends paid	(2,617)	(2,615)
Decrease in fixed deposits with maturities exceeding three months	(3,704)	(114)
Decrease (Increase) in pledged fixed deposits	2,558	(3,685)
(Decrease) Increase in bills payable and trust receipts	(6,023)	7,592
Loans from banks and financial institutions	9,778	66,445
Repayments of bank loans and loans from financial institutions	(16,100)	(48,774)
Net cash (used in) from financing activities	(13,992)	18,897
Net (decrease) increase in cash and cash equivalents	(11,820)	1,193
Cash and cash equivalents at beginning of year (Note 7)	25,933	25,668
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(616)	(928)
Cash and cash equivalents at end of year (Note 7)	13,497	25,933

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2014

1 GENERAL

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on March 27, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The significant impact of the application of these Standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Specifically, the Group has a 49.9% ownership interest in Thakral Japan Properties Pte Ltd ("TJP"), a Singapore incorporated company that was set up in 2014. The Group's 49.9% interest in TJP gives the Group the same percentage of the voting rights in TJP. The remaining 50.1% of the ordinary shares of TJP are owned by 3 shareholders, none individually holding more than 20%.

The directors of the Group made an assessment upon finalising the shareholding structure of TJP as to whether or not the Group has control over TJP in accordance with the new definition of control and the related guidance set out in FRS 110. The directors concluded that the Group has control over TJP on the basis of the Group's absolute size of holding in TJP, the relative size and dispersion of the shareholdings owned by the other shareholders and the full representation of the Group in TJP's Board of Directors which gives the Group the ability to direct the relevant activities of TJP and affect TJP's returns. Therefore, in accordance with the requirements of FRS 110, TJP has been assessed to be a subsidiary of the Group. There is no impact to the comparative amounts as TJP was only incorporated in 2014.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements.

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

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the potential impact of the application of the above on the financial statements of the Group and of the Company in the period of initial application. FRS 109 will apply for annual periods beginning on or after January 1, 2018.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the potential impact of the application of the above on the financial statements of the Group and of the Company in the period of initial application. FRS 115 will apply for annual periods beginning on or after January 1, 2017.

<u>Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*</u>

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of the above on the financial statements of the Group and of the Company in the period of initial application. The amendments will apply for annual periods beginning on or after January 1, 2016.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of the improvements project comprised the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 102 *Share Based Payments*	Definition of vesting Condition	Amended definitions of 'vesting condition' and 'market condition' and added definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. Amendments apply prospectively to share-based payment transactions with a grant date on or after July 1, 2014, with earlier application permitted.
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss.
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 *Related Party Disclosures*	Key management personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components for such compensation is not required.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of the improvements project comprised the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	**Topic**	**Key amendment**
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.
FRS 40 *Investment Property*	Interrelationship between FRS 103 and FRS 40	Amended to clarify that FRS 40 and FRS 103 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether (a) the property meets the definition of investment property in FRS 40 and (b) the transaction meets the definition of a business combination under FRS 103. The amendment applies prospectively for acquisitions of investment property in periods commencing on or after July 1, 2014. An entity is only permitted to adopt the amendments early and/or restate prior periods if the information to do so is available.

Improvements to Financial Reporting Standards (November 2014)

Standards included in this cycle of the improvements project comprised the following. Amendments apply for annual periods beginning on or after January 1, 2016, unless otherwise stated.

Standard	**Topic**	**Key amendment**
FRS 107 *Financial Instruments: Disclosures*	Servicing contracts	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.

Management is currently evaluating the potential impact of the application of the above on the financial statements of the Group and of the Company in the period of initial application.

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

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. 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.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 subsidiaries 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 subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payments awards transactions of the acquirer are measured in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 FRS.

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

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

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

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

Available-for-sale financial assets

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

Loans and receivables

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

Impairment of financial assets

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

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 14 days (2013 : 25 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the 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

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

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 from available-for-sale investment denominated in foreign currencies.

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

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

Embedded derivatives

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

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

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.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group as lessor

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

The Group as lessee

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.

INVESTMENT PROPERTIES HELD FOR SALE - Investment properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment properties classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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
Plant and equipment	-	4 to 10 years
Leasehold improvements, furniture and fixtures	-	4 to 10 years
Motor vehicles	-	5 years

No depreciation is charged on freehold land.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

INVESTMENT PROPERTIES - 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. Professional desktop valuations are obtained annually while professional full valuations are obtained at least once in 3 years. Gains or losses arising from changes in the fair value of the investment properties are included in the profit or loss for the period in which they arise.

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

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

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.

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - From time to time, the Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of 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 26.

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

<u>Sale of goods</u>

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

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

<u>Rendering of services</u>

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

<u>Management fees</u>

Management fee income is recognised on an accrual basis.

<u>Rental income</u>

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

<u>Interest income</u>

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

<u>Dividend income</u>

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

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

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

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

Notes to Financial Statements

December 31, 2014

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.

Control over Thakral Japan Properties Pte Ltd ("TJP")

Note 14 describes that TJP is a subsidiary of the Group although the Group only holds a 49.9% ownership interest in TJP. The remaining 50.1% of the ordinary shares of TJP is owned by 3 shareholders, none individually holding more than 20%. The directors assessed that the Group has control over TJP on the basis of the Group's absolute size of holding in TJP, the relative size and dispersion of the shareholdings owned by the other shareholders and full representation of the Group in TJP's Board of Directors which gives the Group the ability to direct the relevant activities of TJP and affect TJP's returns. The Group is considered to have the current ability to direct the relevant activities of TJP which will affect the Group's and the investors' returns. As such, the Group is considered to have control over TJP.

Key sources of estimation uncertainty

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

Allowances for inventories

Management reviews the inventory listing on a monthly basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements. The carrying amount of the Group's inventories is disclosed in Note 10.

Allowances for receivables

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables, other receivables and loans receivable. Allowances are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such difference will impact the carrying value of these receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade receivables, other receivables and loans receivable are disclosed in Notes 8, 9 and 15 respectively.

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

Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the investment in subsidiaries as at the end of the reporting period. Management has estimated the recoverable amount based on the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiaries which has been stated net of an impairment loss of S$120,095,000 (2013: S$117,820,000). The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. The carrying amounts of the Company's investments in subsidiaries are disclosed in Note 14.

Fair value measurements and valuation processes

Some of the group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation on an annual basis. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reviews the fair value measurements and updates the Board of Directors of the company on an annual basis to explain the cause of any fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4,12,13,16 and 17.

Accounting for embedded feature included in loans receivable contracts

Certain loans have been provided to third parties for property development projects in Australia. The loans receivable bear interest at an effective interest rate which comprises an internal rate of return on the principal amount and variable interest determinable at completion of the project less withholding tax at the relevant rate. The directors have assessed the terms of the contracts and concluded that the embedded feature, being the variable interest determined at completion, is in substance interest. Accordingly, the contracts have been recorded at amortised cost at the end of the reporting period. Judgements and estimates have been made with regard to the amount of variable interest which will be determined at the end of each contract. Changes in these estimates could affect the reported amounts of interest receivables and the carrying value of each loan in the statement of financial position. The carrying amounts of the Group's loans receivable are disclosed in Note 15.

Valuation of investment properties held for sale and investment properties

The Group's investment properties held for sale and investment properties with carrying amounts of S$88,095,000 (2013 : S$86,612,000) (Notes 12 and 13) are stated at their estimated fair values which are determined annually by management and independent professional valuers on an open market value basis. These estimated fair values may differ from the prices at which these properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of uncontrollable factors, such as overall market conditions. As a result, actual results of operations and realisation of these properties could differ from the estimates set forth in these financial statements. If the actual fair values of investment differ by 10% from the estimates used for these financial statements, the carrying value of these properties and their related fair value changes in the profit or loss would be increased or decreased by S$8,810,000 (2013 : S$8,661,000).

Notes to Financial Statements

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Loans and receivables (including cash and bank balances)	91,530	106,047	220	321
Derivative instruments not designated in hedge accounting relationships	401	–	–	–
Available-for-sale investments	12,633	7	–	–
Financial liabilities				
Amortised cost	118,397	140,241	29,641	24,573

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

(b) *Financial risk management policies and objectives*

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

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables, other receivables and loans receivable. Cash and cash equivalents are placed with credit-worthy financial institutions. Loans receivable, representing the Group's investments in real estate projects in Australia, are entered into following an in-depth due diligence process and only upon meeting the Group's criteria. The Group has adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Credit evaluations are performed on customers requiring credit over a certain amount. Where appropriate, security deposits, post-dated cheques, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

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

Further details of credit risks on trade receivables, other receivables and loans receivable which are provided to key management are disclosed in Notes 8, 9 and 15 respectively.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has certain concentration of credit risk as approximately 44% (2013 : 65%) of the total trade and other receivables (excluding advances to suppliers and prepayments) were due from the Group's ten largest customers. As at December 31, 2014, the Group holds security cheques and deposits from customers representing approximately 8% (2013 : 22%) of the above concentration risk.

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

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

(ii) Interest rate risk management

The primary source of the Group's interest rate risk relates to interest-bearing bank deposits and its borrowings from banks and financial institutions. The interest-bearing bank deposits and borrowings of the Group are disclosed in Notes 7, 19 and 20. As certain rates are based on interbank offer rates, the Group is exposed to cash flow interest rate risk. This risk is not hedged.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for 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, 2014 of the Group would decrease/increase by S$481,000 (2013 : S$549,000).

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

(iii) Foreign exchange risk management

The Group transacts business in various foreign currencies that are not the functional currencies of the transacting subsidiaries, including the United States dollar, Hong Kong dollar, Japanese Yen and 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 subsidiaries, 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 16. 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 FRS 39 *Financial Instruments*.

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

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

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

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

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2014	2013	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollar	16,272	21,810	12,563	16,461	16	9	–	–
Hong Kong dollar	33	24	6,835	12,423	11	11	2,550	24,204
Japanese yen	–	–	656	–	–	–	–	–
Australian dollar	1,394	12	–	–	16	12	–	–

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 or loss before tax and other equity will increase or (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2014	2013	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	(361)	(588)	682	1,222	63	–	(134)	(1)
Other equity	(10)	53	(2)	18	3	–	(6)	–
Company								
Profit for the year	(2)	(1)	254	2,419	–	–	(2)	(1)
Other equity	–	–	–	–	–	–	–	–

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December 31, 2014

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

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

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

Foreign currency sensitivity (cont'd)

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

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2014	2013	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	361	588	(682)	(1,222)	(63)	–	134	1
Other equity	10	(53)	2	(18)	(3)	–	6	–
Company								
Profit for the year	2	1	(254)	(2,419)	–	–	2	1
Other equity	–	–	–	–	–	–	–	–

The Group's sensitivity to foreign currencies have decreased in relation to the United States dollar during the current year mainly due to the decrease in sales denominated in United States dollars which resulted in lower United States dollar denominated receivables. In addition, the repayment of balances to related companies during the year also resulted in the lower United States dollar denominated payables at the end of the year.

The Group's foreign currency sensitivity in relation to the Hong Kong dollar to profit for the year decreased due to payments during the year resulting in lower Hong Kong dollar denominated payables at the end of the year.

The Group's foreign currency sensitivity in relation to the Japanese yen increased due to the advances to a related company to support the operations in Japan.

The Group's foreign currency sensitivity has increased in relation to the Australian dollar due to monies advanced to a related company to finance loans receivable denominated in Australian dollar.

(iv) Liquidity risk management

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

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

Non-derivative financial liabilities

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

Notes to Financial Statements

December 31, 2014

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

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

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
2014						
Non-interest bearing	–	17,982	–	–	–	17,982
Variable interest rate instruments	4.39	67,676	31,401	4,073	(6,905)	96,245
Fixed interest rate instruments	14.06	–	4,756	–	(586)	4,170
		85,658	36,157	4,073	(7,491)	118,397
2013						
Non-interest bearing	–	26,739	–	–	–	26,739
Variable interest rate instruments	4.17	65,471	49,111	4,266	(9,119)	109,729
Fixed interest rate instruments	14.06	–	4,303	–	(530)	3,773
		92,210	53,414	4,266	(9,649)	140,241
Company						
2014						
Non-interest bearing	–	368	27,880	–	–	28,248
Fixed interest rate instruments	2.00	28	1,499	–	(134)	1,393
		396	29,379	–	(134)	29,641
2013						
Non-interest bearing	–	357	24,216	–	–	24,573

As disclosed in Note 20, the Group has a 10-year mortgage loan which is expected to be repaid by monthly instalments and a final payment in 2020 as per the agreement with the bank. In the previous year, the entire bank loan was classified as a current liability in view of a clause in the loan agreement which provided the lender with the unconditional right to demand repayment at any time at its discretion. However, the non-current portion of this bank loan has been classified as a non-current liability in the current year as the terms and conditions of the bank loan have been revised such that the lender no longer has an unconditional right to demand repayment at any time at its discretion.

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December 31, 2014

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

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

(iv) Liquidity risk management (cont'd)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settles on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	On demand or within 1 year	Within 2-5 years	After 5 years
	S$'000	S$'000	S$'000
Group			
2014			
Net settled:			
Foreign exchange option	401	–	–

The Group had no outstanding derivative contracts in 2013.

(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:

	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
Group				
2014				
Available-for-sale investments:				
Unquoted investment	12,630	–	–	12,630
Club debenture	3	–	–	3
Derivative financial instrument	401	–	401	–
2013				
Available-for-sale investments:				
Club debenture	7	–	–	7

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

Please refer to Notes 16 and 17 for further information on the fair value of derivative financial instrument and unquoted investment respectively.

Notes to Financial Statements

December 31, 2014

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

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

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

Financial assets measured at fair value based on level 3

	Available-for-sale investments
	S$'000
Group	
As at January 1, 2013	3,436
Translation adjustment	(437)
Additions	809
Disposal	(3,801)
As at December 31, 2013	7
Additions	12,120
Other comprehensive income	244
Translation adjustment	266
Allowance for impairment in value in profit or loss	(4)
As at December 31, 2014	12,633

Company

The Company had no financial assets or liabilities carried at fair value in 2014 and 2013.

There were no significant transfers between the various levels of the fair value hierarchy in the period.

(vi) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale investments are held for long-term rather than trading purposes. The Group does not actively trade available-for-sale investments. Further details of its available-for-sale investments are disclosed in Note 17 to the financial statement.

Price sensitivity

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

In respect of available-for-sale investments, if the significant inputs (as disclosed in Note 17) to the valuation model had been 3% higher or lower while all other variables were held constant, the Group's investment revaluation reserve would increase or decrease by S$302,000 (2013 : S$Nil) respectively. The Group's net profit for the year ended December 31, 2014 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired.

Notes to Financial Statements

December 31, 2014

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

(c) Capital risk management policies and objectives

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 19 and 20 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 24 and 25. The Group monitors capital using a gearing ratio, which is total debt divided by equity. As at December 31, 2014, the Group's gearing ratio is 1.03 (2013 : 1.11).

A direct subsidiary of the Company is required to maintain a minimum net worth level in order to comply with a covenant for a trade finance facility from a bank. The subsidiary is also required to maintain a minimum loan-to-security value ratio in order to comply with a covenant in a loan agreement with a bank. The subsidiary is in compliance with externally imposed capital requirements for the years ended December 31, 2014 and 2013.

The review of the Group's capital risk management policies and objectives is conducted by the Audit Committee and the Board. The Group's overall strategy remains unchanged from 2013.

5 RELATED COMPANY TRANSACTIONS

Some of the Company's transactions and arrangements are with the subsidiaries in the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. Balances due to/from subsidiaries are unsecured, interest-free and repayable on demand except for interest-bearing loans as disclosed in Note 14 and the amounts due to subsidiaries which are considered as non-current.

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

6 RELATED PARTY TRANSACTIONS

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

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

	2014		2013	
	The Company	Subsidiaries of the Company	The Company	Subsidiaries of the Company
	S$'000	S$'000	S$'000	S$'000
Sales, net of returns	–	2,263	–	8,513
Purchases, net of returns	–	(11,557)	–	(61,914)
Service fees paid	–	(559)	–	(263)
Commission paid	–	(116)	–	(115)
Commission income	–	9	–	83
Lease payments under operating lease	(79)	(201)	(84)	(64)

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

Notes to Financial Statements

December 31, 2014

6 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

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

	Group	
	2014	2013
	S$'000	S$'000
Short-term benefits	4,204	5,142
Post-employment benefits	12	14
	4,216	5,156

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	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
		(Restated)		
Fixed deposits	4,324	14,676	–	–
Pledged fixed deposits	1,385	17,824	–	–
Cash and bank balances	13,497	13,435	194	185
Current	19,206	45,935	194	185
Pledged fixed deposits	22,130	7,694	–	–
Non-current	22,130	7,694	–	–
Total	41,336	53,629	194	185
Less:				
Fixed deposits with maturities exceeding three months	(4,324)	(479)	–	–
Fixed deposits that have been placed with banks against bills payables, trust receipts and overdrafts	(1,385)	(3,228)	–	–
Fixed deposits that have been pledged to banks as security for bank loans	(22,130)	(22,290)	–	–
Bank overdrafts (Note 20)	–	(1,699)	–	–
Cash and cash equivalents	13,497	25,933	194	185

Notes to Financial Statements

December 31, 2014

7 CASH AND BANK BALANCES (cont'd)

Fixed deposits bear interest at an average effective interest rate of 4.12% (2013 : 3.62%) per annum and for a weighted average tenure of approximately 1,056 days (2013 : 671 days).

8 TRADE RECEIVABLES

	Group	
	2014	2013
	S$'000	S$'000
Trade receivables from external parties	17,256	30,536
Allowances for doubtful trade receivables	(4,930)	(4,545)
Total trade receivables, net of allowances	12,326	25,991
Trade receivables from related party (Note 6)	299	432
	12,625	26,423

Movements in allowances for doubtful trade receivables were as follows:

	Group	
	2014	2013
	S$'000	S$'000
Balance at beginning of year	4,545	2,985
Translation adjustment	164	190
Increase in allowance recognised in profit or loss	316	1,400
Amounts written-off	(95)	(30)
Balance at end of year	4,930	4,545

The average credit period on sale of goods is 14 days (2013 : 25 days). No interest is charged on the overdue trade receivables.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of S$4,930,000 (2013 : S$4,545,000). This allowance has been determined by reference to past default experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of S$4,056,000 (2013 : S$5,426,000) which are past due at the end of the reporting period for which the Group has not made any allowance as there has not been a significant change in credit quality and these amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due. The Group does not hold any collateral over these balances except for security cheques and deposits from certain customers.

		Group	
		2014	2013
		S$'000	S$'000
(i)	Aging of receivables that are past due but not impaired		
	< 3 months	2,228	4,637
	3 months to 6 months	1,036	641
	> 6 months	792	148
	Total	4,056	5,426

Notes to Financial Statements

December 31, 2014

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
		(Restated)		
Advances to suppliers	7,160	24,320	–	–
Allowances for doubtful other receivables	(91)	(65)	–	–
Total advances to suppliers, net of allowances	7,069	24,255	–	–
Deposits	418	411	14	14
VAT/Tax recoverable	315	445	9	4
Prepayments	485	774	34	29
Interest receivable	1,257	2,117	–	–
Others	870	535	3	118
Total	10,414	28,537	60	165
Less: Non-current other receivables and prepayments	(813)	(253)	–	–
Classified as current other receivables and prepayments	9,601	28,284	60	165

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

Movements in allowances for doubtful other receivables were as follows:

	Group	
	2014	2013
	S$'000	S$'000
Balance at beginning of year	65	63
Translation adjustment	3	3
Increase (Decrease) in allowance recognised in profit or loss	48	(1)
Amounts written-off	(25)	–
Balance at end of year	91	65

Included in advances to suppliers is an amount of S$63,000 (2013 : S$Nil) paid to related parties for the supply of goods. The amounts advanced to suppliers are unsecured, interest-free and repayable on demand.

10 INVENTORIES

	Group	
	2014	2013
	S$'000	S$'000
Finished goods and goods for resale	27,702	34,124
Work-in-progress	1	11
Raw materials	1	13
	27,704	34,148

The cost of inventories recognised as an expense includes a charge of S$576,000 (2013 : S$956,000) in respect of allowance for inventories to net realisable value.

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11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Leasehold improvements, furniture and fixtures	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	
Group						
Cost:						
At January 1, 2013	1,410	4,198	2,667	1,021	1,050	10,346
Translation adjustments	(211)	139	145	(7)	4	70
Transfer to investment properties	–	(460)	–	–	–	(460)
Additions	–	–	59	17	–	76
Disposals	–	–	(158)	–	(41)	(199)
At December 31, 2013	1,199	3,877	2,713	1,031	1,013	9,833
Translation adjustments	(94)	191	58	19	7	181
Additions	–	–	115	121	–	236
Disposals	–	–	(189)	(97)	(112)	(398)
At December 31, 2014	1,105	4,068	2,697	1,074	908	9,852
Accumulated depreciation:						
At January 1, 2013	102	372	1,916	682	478	3,550
Translation adjustments	(16)	14	120	(17)	(22)	79
Transfer to investment properties	–	(138)	–	–	–	(138)
Depreciation	10	104	131	133	130	508
Disposals	–	–	(56)	–	(37)	(93)
At December 31, 2013	96	352	2,111	798	549	3,906
Translation adjustments	(8)	21	51	15	1	80
Depreciation	10	101	122	114	127	474
Disposals	–	–	(185)	(97)	(111)	(393)
At December 31, 2014	98	474	2,099	830	566	4,067
Impairment:						
At January 1, 2013	–	325	433	–	–	758
Translation adjustments	–	10	28	–	–	38
Reversal upon transfer to investment properties	–	(170)	–	–	–	(170)
Disposals	–	–	(102)	–	–	(102)
At December 31, 2013	–	165	359	–	–	524
Translation adjustments	–	8	8	–	–	16
At December 31, 2014	–	173	367	–	–	540
Carrying amount:						
At December 31, 2014	1,007	3,421	231	244	342	5,245
At December 31, 2013	1,103	3,360	243	233	464	5,403

Freehold land and building includes the cost of freehold land of JPY67.1 million (S$742,000) (2013 : JPY67.1 million (S$805,000)) which is not subject to depreciation.

Notes to Financial Statements

December 31, 2014

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group has pledged leasehold land and buildings having a carrying amount of approximately S$3,270,000 (2013 : S$3,213,000) to secure banking facilities granted to the Group.

In 2013, a subsidiary reclassified its leasehold land and building to investment property as it began renting out the property to external parties.

	Plant and equipment	Leasehold improvements, furniture and fixtures	Total
	S$'000	S$'000	S$'000
Company			
Cost:			
At January 1, 2013	2	105	107
Additions	–	18	18
Disposals	–	(4)	(4)
At December 31, 2013	2	119	121
Additions	–	1	1
At December 31, 2014	2	120	122
Accumulated depreciation:			
At January 1, 2013	2	93	95
Depreciation	–	9	9
Disposals	–	(4)	(4)
At December 31, 2013	2	98	100
Depreciation	–	6	6
At December 31, 2014	2	104	106
Carrying amount:			
At December 31, 2014	–	16	16
At December 31, 2013	–	21	21

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12 INVESTMENT PROPERTIES

	Group 2014 S$'000	Group 2013 S$'000
Freehold land and buildings:		
Australia	55,943	66,035
Leasehold land and buildings:		
People's Republic of China ("PRC") including Hong Kong	24,695	20,577
	80,638	86,612

Movements in investment properties were as follows:

	Group 2014 S$'000	Group 2013 S$'000
Balance at beginning of year	86,612	63,124
Valuation gains for the year recognised in profit or loss	2,906	2,616
Transfer from investment properties under development	–	24,804
Transfer from property, plant and equipment (Note 11)	–	322
Transfer to investment properties held for sale (Note 13)	(7,457)	–
Revaluation of property, plant and equipment upon transfer to investment properties	–	307
Translation adjustment	(1,423)	(4,561)
Balance at end of year	80,638	86,612

During the year, the Group recognised valuation gains on investment properties amounting to S$2,906,000 (2013 : S$2,616,000) in profit or loss.

The property rental income from the Group's investment properties leased out under operating leases amounted to S$7,150,000 (2013 : S$5,753,000). Direct operating expenses (including repairs and maintenance) arising from the investment properties that generated rental income during the year amounted to S$129,000 (2013 : S$119,000).

The Group has pledged investment properties having a carrying amount of approximately S$22,394,000 (2013 : S$18,381,000) and the rental proceeds generated from the investment properties to secure banking facilities granted to the Group.

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

Description and location	Existing use	Leasehold or freehold	Tenure and unexpired lease term
Dongshan Plaza, Guangzhou, PRC	Office	Leasehold	31 years till January 23, 2045
Wah Tung Godown Building, Kowloon, Hong Kong, PRC	Warehouse	Leasehold	33 years till June 30, 2047
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	53 years till January 5, 2067
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A.

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12 INVESTMENT PROPERTIES (cont'd)

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

The fair values of the Group's investment properties in PRC (including Hong Kong) at December 31, 2014 and 2013 have been determined on the basis of valuations carried out at the respective year end dates by Colliers International (HK) Ltd., which is an independent firm of professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2014 are as follows:

Description	Fair value as at December 31, 2014	Fair value as at December 31, 2013	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Office properties	1,377	1,312	Direct comparison approach	Price per square meter (1)	S$3,837 – S$3,838 (2013 : S$3,652-S$3,659)
Warehouse properties	22,394	18,381	Direct comparison approach	Price per square meter (1)	S$3,247 – S$3,375 (2013 : S$2,663 -S$2,771)
Residential properties	924	884	Direct comparison approach	Price per square meter (1)	S$1,046 – S$1,049 (2013 : S$1,001-S$1,004)

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

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

The fair values of the Group's investment properties at December 31, 2014 and 2013 have been determined by management based on discounted cash flows of the contracted cash flows, supplemented by valuation from Taylor Byrne (which is an independent firm of professional valuers) performed in December 2014 (2013 : November 2013) on an open market basis. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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December 31, 2014

12 INVESTMENT PROPERTIES (cont'd)

Description	Fair value as at December 31, 2014	Fair value as at December 31, 2013	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Residential properties	55,943	66,035	Discounted cash flows	Selling prices per unit [(1)]	S$618,122 - S$635,429 (2013 : S$605,977-S$692,257)
				Discount rates [(2)]	6.41% - 8.20% (2013 : 9.7%)

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

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

Investment properties under development

The Group had certain investment properties under development in Australia which were transferred to investment properties during 2013. The Group had no investment properties under development in 2014.

	Group	
	2014	2013
	S$'000	S$'000
Movements in investment properties under development were as follows:		
Balance at beginning of year	–	18,680
Additions	–	8,223
Transfer to investment properties	–	(24,804)
Translation adjustment	–	(2,099)
Balance at end of year	–	–

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

	Group	
	2014	2013
	S$'000	S$'000
Interest expense	–	205

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December 31, 2014

12 INVESTMENT PROPERTIES (cont'd)

Investment properties under development (cont'd)

Investment properties under development were constructed by a third party.

The investment properties under development in Australia were completed and reclassified to investment properties in 2013. Further information in relation to investment properties under development is as follows:

Description and location	% Owned	Gross floor area (ha)	Stage of completion 2014	Stage of completion 2013	Completion month
Residential units in the city of Gladstone, Queensland, Australia	100	3.17	100%	100%	June 2013

13 INVESTMENT PROPERTIES HELD FOR SALE

On December 9, 2014, the management resolved to dispose of certain investment properties in Australia to ensure compliance with the covenant requirements for a loan from a financial institution. Negotiations with interested parties have subsequently taken place. The investment properties which are expected to be sold within twelve months have been classified as held for sale and are presented separately in the statement of financial position. The operations are included in the Group's investment activities for segment reporting purposes (Note 34).

The proceeds of disposal are expected to exceed the net carrying amount of the investment properties and, accordingly, no impairment loss has been recognised on the classification of these assets as held for sale.

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

The fair values of the Group's investment properties held for sale at December 31, 2014 have been determined by management based on discounted cash flows of the contracted cash flows, supplemented by valuation from Taylor Byrne (which is an independent firm of professional valuers) performed in December 2014 on an open market basis. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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13 INVESTMENT PROPERTIES HELD FOR SALE (cont'd)

Description	Fair value as at December 31, 2014	Fair value as at December 31, 2013	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Residential properties	7,457	–	Discounted cash flows	Selling prices per unit(1)	S$635,429
				Discount rates(2)	8.20%

(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.

14 SUBSIDIARIES

	Company 2014	Company 2013
	S$'000	S$'000
Unquoted equity shares, at cost	238,854	238,854
Amounts owing by subsidiaries (non-trade)	1,979	574
Less: impairment loss	(120,095)	(117,820)
	120,738	121,608
Amount owing to a subsidiary (non-trade)	(29,273)	(24,216)

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

	Company 2014	Company 2013
	S$'000	S$'000
Balance at beginning of year	117,820	210,171
Impairment loss for investment in subsidiaries	2,275	1,845
Impairment loss written off	–	(94,196)
Balance at end of year	120,095	117,820

Management has made an additional impairment loss of S$2,275,000 (2013 : S$1,845,000) for certain subsidiaries based on an assessment of their recoverable values, which is fair value less cost to sell.

Amounts owing by subsidiaries (non-trade) include a loan of S$1,393,000 (2013: S$Nil) which bears interest at 2.25% (2013: NA) per annum and is denominated in Japanese Yen. The remaining amounts are interest-free and mainly denominated in Australian dollars.

Amounts owing to a subsidiary (non-trade) include a loan of S$1,393,000 (2013: S$Nil) which bears interest at 2% (2013: NA) 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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December 31, 2014

14 SUBSIDIARIES (cont'd)

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

Name of subsidiary	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2014 S$'000	2013 S$'000	2014 %	2013 %	
Thakral Corporation (HK) Limited [(3)]	Hong Kong	229,638	229,638	100	100	Trading in lifestyle products and accessories
Thakral Brothers Limited [(2)]	Japan	7,543	7,543	100	100	Trading in lifestyle products and accessories
Thakral Lifestyle Pte Ltd (formerly known as Digital Info Technology Pte Ltd)	Singapore	1,660	1,660	100	100	Trading in lifestyle products and accessories
Thakral Capital Holdings Pte Ltd	Singapore	#	#	100	100	Investment holding
Thakral China Ltd [(4)]	People's Republic of China	*	*	100	100	Investment holding and trading in lifestyle products and accessories
Thakral Electronics (Shanghai) Ltd [(1)]	People's Republic of China	*	*	100	100	Trading in lifestyle products and accessories
Wu Jiang Dafa Real Estate Development Co Ltd [(5)]	People's Republic of China	–	*	–	55	Property development and rental management (deregistered during the year)
TCAP Pte Ltd	Singapore	*	*	51	51	Investment holding
Thakral Capital Investments Ltd [(3)]	Hong Kong	*	*	100	100	Investment holding
Thakral Capital Australia Pty Ltd [(1)]	Australia	*	*	51	51	Origination, execution, and management of investment opportunites
LNG Trust [(1)]	Australia	*	*	100	100	Property development
LNG Trust No. 2 [(1)]	Australia	*	*	100	100	Property development
Thakral Japan Properties Pte Ltd	Singapore	*	–	49.9	–	Investment holding

* Held by subsidiaries
\# Cost less than S$1,000

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

(1) Audited by other member firms of Deloitte Touche Tohmatsu Limited
(2) Audited by Matsui C.P.A. Office, Japan
(3) Audited by Moore Stephens, Hong Kong
(4) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd
(5) This subsidiary was deregistered during the year.

Notes to Financial Statements

December 31, 2014

14 SUBSIDIARIES (cont'd)

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 subsidiaries	
		2014	2013
Investments	Singapore	1	1
	Australia	4	4
	Hong Kong	6	6
	British Virgin Islands	1	1
Trading in lifestyle products and accessories	Singapore	1	1
	China	8	8
	Hong Kong	5	4
	British Virgin Islands	1	1
	Japan	1	2
	Mauritius	1	1
	India	1	1
	Mongolia	1	1
Others	Hong Kong	3	3
		34	34

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiaries	
		2014	2013
Investments	Singapore	2	1
	Australia	9	9
	Hong Kong	1	1
	China	–	1
Trading in lifestyle products and accessories	Timor-Leste	1	–
		13	12

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December 31, 2014

14 SUBSIDIARIES (cont'd)

The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	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	
		2014	2013	2014	2013	2014	2013
		%	%	S$'000	S$'000	S$'000	S$'000
Wu Jiang Da Fa Real Estate Development Co Ltd	People's Republic of China	–	45	57	223	–	3,698
Thakral Japan Properties Pte Ltd	Singapore	50.1	–	613	–	6,984	–
Electronic Hub LDA	Timor – Leste	30	–	–	–	–	–
TCAP Pte Ltd and its subsidiaries	Singapore	49	49	285	(112)	1,010	769
Total				955	111	7,994	4,467

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Wu Jiang Da Fa Real Estate Development Co Ltd		Thakral Japan Properties Pte Ltd		Electronic Hub LDA		TCAP Pte Ltd and its subsidiaries	
	2014	2013	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current assets	–	8,742	2,259	–	121	–	4,959	5,635
Non-current assets	–	1	12,630	–	20	–	23	23
Current liabilities	–	(526)	(889)	–	(151)	–	(2,920)	(4,099)
Non-current liabilities	–	–	(63)	–	–	–	–	–
Equity attributable to owners of the Company	–	4,519	6,953	–	(10)	–	1,052	800
Non-controlling interests	–	3,698	6,984	–	–	–	1,010	769

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14 SUBSIDIARIES (cont'd)

	Wu Jiang Da Fa Real Estate Development Co Ltd		Thakral Japan Properties Pte Ltd		Electronic Hub LDA		TCAP Pte Ltd and its subsidiaries	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Revenue	–	1,416	–	–	47	–	11,571	10,269
Net other income (expenses)	127	(920)	1,223	–	(63)	–	(10,990)	(10,498)
Profit (loss) for the year	127	496	1,223	–	(16)	–	581	(229)
Profit (loss) attributable to owners of the Company	70	273	610	–	(16)	–	296	(117)
Profit (loss) attributable to the non-controlling interests	57	223	613	–	–	–	285	(112)
Profit (loss) for the year	127	496	1,223	–	(16)	–	581	(229)
Other comprehensive income (loss) attributable to owners of the Company	(13)	260	234	–	–	–	(46)	(144)
Other comprehensive income (loss) attributable to the non-controlling interests	(11)	213	235	–	–	–	(44)	(138)
Other comprehensive income for the year	(24)	473	469	–	–	–	(90)	(282)
Total comprehensive income (loss) attributable to owners of the Company	57	533	844	–	(16)	–	250	(261)
Total comprehensive income (loss) attributable to the non-controlling interests	46	436	848	–	–	–	241	(250)
Total comprehensive income for the year	103	969	1,692	–	(16)	–	491	(511)
Dividends paid to non-controlling interests	(3,743)	–	–	–	–	–	(276)	–
Net cash (outflow) inflow from operating activities	(7,364)	(298)	1,732	–	5	–	(1,091)	1,195
Net cash outflow from investing activities	–	–	(12,323)	–	–	–	–	–
Net cash inflow from financing activities	–	–	12,449	–	–	–	–	–
Net cash inflow (outflow)	(7,364)	(298)	1,858	–	5	–	(1,091)	1,195

Notes to Financial Statements

December 31, 2014

14 SUBSIDIARIES (cont'd)

Financial support

At the end of the reporting period, the Company has granted financial support to certain subsidiaries that have a net current liability position of S$21 million (2013: S$18 million), mainly for working capital purposes.

15 LOANS RECEIVABLE

	Group	
	2014	2013
	S$'000	S$'000
Loans receivable - non-current, at amortised cost	19,009	19,842
Loans receivable - current, at amortised cost	15,643	2,500
	34,652	22,342

The loans receivable, denominated in Australian dollars, are unsecured. The effective interest rate of the loans receivable is 24% (2013 : 19%) per annum.

The current loans receivable are extended to third parties for development projects to fund the construction of apartments in Australia. The effective interest rate comprises of internal rate of return of 24% (2013 : 19%) per annum on the principal amount and variable interest determinable at completion of the project less relevant 10% withholding tax.

The non-current loans receivable are extended to other third parties for development projects to fund the construction of apartments in Australia. The effective interest rate comprises of internal rate of return of 25% (2013 : 17%) per annum on the principal amount and variable interest determinable at completion of the project less relevant 10% withholding tax.

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

16 DERIVATIVE FINANCIAL INSTRUMENT

The Group uses foreign exchange options to manage its exposure to foreign exchange rates on its investment in available-for-sale investment.

The following table details the notional principal amounts and remaining term of foreign exchange rate option.

Outstanding Contract	Contractual exchange rate	Foreign currency	Contract value	Fair value
		US$'000	JPY'000	S$'000
USD call JPY put	116.25 JPY/USD	10,000	1,162,500	401

The Group had no derivative financial instrument in 2013.

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16 DERIVATIVE FINANCIAL INSTRUMENT (cont'd)

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2014 are as follow:

Description	Fair value as at December 31, 2014	Fair Value Hierarchy	Valuation technique	Significant unobservable input (s)
	S$'000			
Option contract	401	Level 2	Option pricing model and discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A

17 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	S$'000	S$'000
At fair value:		
Unquoted investment	12,630	–
Club debenture	25	25
Allowance for impairment in value	(22)	(18)
	3	7
Total	12,633	7

Description	Fair value as at December 31, 2014	Fair Value Hierarchy	Valuation technique(s)	Significant unobservable input (s)	Range
	$'000				
Unquoted investment	12,630	Level 3	See Note (a) below	See Note (a) below	S$3,026 – S$3,296

Note (a)

The fair value of the unquoted investment is estimated based on the Group's share of the net asset values of the investee, which approximates their fair values as at December 31, 2014. The investee's main assets are two office buildings in Japan which are leased out to external parties. The significant input used in valuing the underlying office 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.

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18 TRADE PAYABLES

	Group	
	2014	2013
	S$'000	S$'000
Outside parties	3,651	3,476
Due to related parties (Note 6)	4,262	16,885
	7,913	20,361

The average credit period on purchases of goods is 11 days (2013 : 14 days).

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

19 BILLS PAYABLE AND TRUST RECEIPTS

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

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

The average effective interest rates paid are as follows:

	Group	
	2014	2013
	%	%
Trust receipts and bill payables	3.14	2.90

20 BANK OVERDRAFTS AND LOANS

	Group	
	2014	2013
	S$'000	S$'000
Loan from a financial institution	4,170	3,773
Bank loans	83,272	89,603
Bank overdrafts (Note 7)	–	1,699
	87,442	95,075
Less: Amount due for settlement within 12 months (shown under current liabilities)	(50,691)	(47,591)
Amount due for settlement after 12 months	36,751	47,484

Loan from a financial institution

The loan from a financial institution of S$4,170,000 (2013 : S$3,773,000) is arranged at fixed interest rate of 14.06% (2013 : 14.06%) per annum. This loan was advanced on September 1, 2012 and is due for repayment on September 1, 2018 upon maturity. The loan amount is unsecured.

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December 31, 2014

20 BANK OVERDRAFTS AND LOANS (cont'd)

Bank loans (secured)

The Group's bank loans include a 10-year mortgage loan of S$5,604,000 (2013 : S$5,630,000), which is expected to be repaid by monthly instalments and a final payment in 2020 as per the agreement with the bank. In the previous year, the entire bank loan was classified as a current liability in view of a clause in the loan agreement which provides the lender with the unconditional right to demand repayment at any time at its discretion. However, the non-current portion of bank loan has been classified as a non-current liability in the current year as the terms and conditions of the bank loan have been revised such that the lender no longer has an unconditional right to demand repayment at any time at its discretion.

Certain bank loans amounting to S$26,280,000 (2013 : S$25,524,000) are secured by certain fixed deposits placed with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company.

Bank loans include loans drawn from a bank in Australia amounting to S$40,982,000 (2013 : S$49,097,000) which is secured by, inter alia, mortgages over the land owned by certain Australian subsidiaries, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees.

Under the terms of the loan, the Investment Division is committed to sell some houses in the GLNG projects during 2015 and use the proceeds to pay down bank debt. The related investment properties and loans were reclassified to current assets (under the heading of investment properties held for sale) and current liabilities respectively.

Bank overdrafts

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

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

	Group	
	2014	2013
	%	%
Loans from financial institutions	14.06	14.06
Bank loans	4.58	4.47
Bank overdrafts	–	2.29

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.

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21 OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Accruals	2,546	3,383	368	357
Advances from customers	5,461	5,999	–	–
VAT payable	2,254	1,795	–	–
Sundry creditors	1,741	921	–	–
Loan receivable monies received on behalf of co-investors of loan receivable	3,334	–	–	–
Others	194	279	–	–
	15,530	12,377	368	357

Included in sundry creditors is an amount of S$242,000 (2013 : S$Nil) due to related parties for the reimbursement of expenses paid on behalf of the Group.

22 PROVISIONS

	Employee long service payment
	S$'000
Group	
As at January 1, 2013	4,069
Provisions for the year	315
Translation adjustment	15
Utilisation	(769)
As at December 31, 2013	3,630
Provisions for the year	238
Translation adjustment	146
Utilisation	(973)
As at December 31, 2014	3,041

	Employee long service payment
	S$'000
Company	
As at January 1, 2013	27
Provision for the year	12
As at December 31, 2013	39
Provision for the year	7
As at December 31, 2014	46

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

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23 DEFERRED TAX LIABILITY

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

	Group	
	2014	2013
	S$'000	S$'000
Balance as at beginning of year	383	102
Translation adjustment	(9)	(11)
Transfer from asset revaluation reserve	–	25
Charge to other comprehensive loss for the year	68	–
(Credit) Charge to profit or loss for the year (Note 30)	(13)	267
Balance as at end of year	429	383

24 ISSUED CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid				
At beginning of year	2,617,213,668	2,612,413,668	72,579	72,531
Issue of shares on exercise of employees' share options	–	4,800,000	–	48
At end of year	2,617,213,668	2,617,213,668	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.

25 RESERVES

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

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

The options reserve arises on the grant of share options to employees under the employee share option scheme. Further information about share-based payments to employees is set out in Note 26.

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

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26 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

	Group and Company			
	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of the year	10,662,500	0.08	19,392,500	0.06
Exercised during the year	–	–	(4,800,000)	0.01
Cancelled or lapsed during the year	(5,247,500)	0.10	(3,930,000)	0.08
Outstanding at end of the year	5,415,000	0.06	10,662,500	0.08
Exercisable at end of the year	5,415,000	0.06	10,662,500	0.08

Options are exercisable at prices specified at the time of the grant. The Committee had fixed the exercise price at a discount not exceeding 20% to the above weighted average exercise price. All options have vested by 2008. If the options remain unexercised after a period of 5 or 10 years (depending on the term specified in the options) from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

No options were granted or exercised in 2014. No options were granted in 2013.

The weighted average share price at the date of exercise for share options exercised during the previous year was S$0.03. The options outstanding at the end of the year have a weighted average remaining contractual life of 0.7 year (2013 : 1 year) and have exercise prices ranging from S$0.04 to S$0.10 (2013: S$0.04 to S$0.10).

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

27 REVENUE

	Group	
	2014	2013
	S$'000	S$'000
Product sales	482,709	398,579
Sales of properties	–	1,416
Interest income from loans receivable	5,799	3,799
Management fee and other service income	4,199	3,592
Rental income (Notes 12 and 36)	7,150	5,753
	499,857	413,139

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28 OTHER OPERATING INCOME

	Group	
	2014	2013
	S$'000	S$'000
Gain on disposal of property, plant and equipment	–	15
Foreign currency exchange adjustment gain	–	1,636
Gain on exercise of derivative financial instrument	837	–
Unrealised gain on outstanding derivative financial instrument	401	–
Others	275	539
	1,513	2,190

29 FINANCE COSTS

	Group	
	2014	2013
	S$'000	S$'000
Interest expense to non-related parties	5,239	7,323

Borrowing costs included in the cost of qualifying assets in 2013 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 8.5% to expenditure on such assets. No borrowing costs were capitalised in 2014.

30 INCOME TAX EXPENSE

	Group	
	2014	2013
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of current year	88	289
Underprovision in prior years	3	9
Deferred tax:		
Amount (reversed) provided for taxation in respect of deferred tax liabilities in current year (Note 23)	(13)	267
Income tax expense for the year	78	565

Notes to Financial Statements

December 31, 2014

30 INCOME TAX EXPENSE (cont'd)

The income tax is calculated at 17% (2013 : 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	
	2014	2013
	S$'000	S$'000
Profit before tax	921	575
Income tax charge at statutory rate of 17%	157	98
Tax effect of:		
Expenses that are not deductible in determining taxable profit	1,042	827
Income that is not taxable in determining taxable profit	(2,868)	(1,076)
Current year's tax losses not recognised	1,777	675
Different tax rates of the subsidiaries operating in other jurisdictions	175	203
Tax effect on utilisation of deferred tax benefits previously not recognised	(208)	(203)
Effect on deferred tax balance due to change in tax rate	–	32
Under provision of tax in respect of prior years	3	9
Total income tax expense for the year	78	565

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

	Group	
	2014	2013
	S$'000	S$'000
Amount at beginning of year	205,355	203,161
Tax losses expired during the year	(777)	(63)
Amount in current year	10,724	3,970
Translation adjustment	2,509	(397)
Adjustment for prior years after finalisation	426	(125)
Amount utilised in current year	(596)	(1,191)
	217,641	205,355
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	38,240	35,938

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

	Group	
	2014	2013
	S$'000	S$'000
Amount at beginning of year	1,488	1,633
Amount in current year	59	2
Amount utilised in current year	(163)	(147)
	1,384	1,488
Deferred tax benefit on above not recorded	235	253

Notes to Financial Statements

December 31, 2014

30 INCOME TAX EXPENSE (cont'd)

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

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is S$0.55 million (2013 : S$0.69 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.

31 PROFIT FOR THE YEAR

	Group	
	2014	2013
	S$'000	S$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	2,221	2,664
of subsidiaries	1,630	1,626
Total directors' remuneration	3,851	4,290
Costs of inventories recognised as expense	474,071	385,317
Audit fees:		
Paid to auditors of the Company		
Current year	221	196
Paid to other auditors		
Current year	274	277
(Overprovision) Underprovision in prior year	(29)	4
Non-audit fees paid to auditors:		
Auditors of the Company	18	29
Other auditors	14	12
Loss (Gain) on disposal of property, plant and equipment	4	(15)
Allowance for inventories recognised in cost of sales	576	956
Foreign currency exchange adjustment loss (gain)	367	(1,636)

Notes to Financial Statements

December 31, 2014

31 PROFIT FOR THE YEAR (cont'd)

	Group	
	2014	2013
	S$'000	S$'000
Impairment loss on financial assets:		
Allowance for doubtful trade receivables	316	1,400
Allowance (Reversal) for doubtful other receivables	48	(1)
Impairment loss on available-for-sale investments	4	–
Total impairment loss on financial assets recognised in administrative expenses	368	1,399
Depreciation of property, plant and equipment	474	508
Reversal of impairment loss on property, plant and equipment	–	(170)
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	1,028	1,065
Other	12,739	12,968
Total employee benefits expense	13,767	14,033

32 DIVIDENDS

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

On April 15, 2014, a tax-exempt (one-tier) dividend of 0.1 cent per share (total dividend of S$2,617,000) was paid to shareholders in respect of the financial year ended December 31, 2013.

33 BASIC AND DILUTED LOSS PER SHARE (CENTS)

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

	2014	2013
	Cent	Cent
Basic loss per share	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)
Weighted average number of ordinary shares	2,617,213,668	2,616,437,695

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

	2014	2013
	S$'000	S$'000
Loss for the year attributable to equity holders of the Company	(112)	(101)

Notes to Financial Statements

December 31, 2014

34 SEGMENT INFORMATION

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

(a) Investments ("INV")

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

(b) Lifestyle ("LIFE") formerly known as Distribution

This division comprises distribution of lifestyle products and accessories 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.

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

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

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

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

Notes to Financial Statements

December 31, 2014

34 SEGMENT INFORMATION (cont'd)

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

Group's reportable segments

Year ended December 31, 2014	INV	LIFE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External sales	17,148	482,709	–	499,857
Result				
Segment result	13,640	(8,518)	(1,560)	3,562
Unallocated corporate expenses				(1,344)
Valuation gains on investment properties				2,906
Finance income				1,403
Finance costs				(5,239)
Foreign exchange loss				(367)
Profit before income tax				921
Income tax expense				(78)
Profit for the year				843
Other information				
Capital expenditure:				
Property, plant and equipment	23	212	1	236
Depreciation expense	112	356	6	474
Assets				
Segment assets	149,890	83,002	270	233,162
Total assets				233,162
Liabilities				
Segment liabilities	58,538	67,956	405	126,899
Income tax payable				79
Deferred tax liability				429
Total liabilities				127,407

Notes to Financial Statements

December 31, 2014

34 SEGMENT INFORMATION (cont'd)

Year ended December 31, 2013	INV S$'000	LIFE S$'000	OTH S$'000	TOTAL S$'000
Revenue				
External sales	14,560	398,579	–	413,139
Result				
Segment result	9,621	(4,080)	(1,655)	3,886
Unallocated corporate expenses				(1,581)
Valuation gains on investment properties				2,616
Finance income				1,341
Finance costs				(7,323)
Foreign exchange gain				1,636
Profit before income tax				575
Income tax expense				(565)
Profit for the year				10
Other information				
Capital expenditure:				
Property, plant and equipment	4	54	18	76
Depreciation expense	117	382	9	508
Assets				
Segment assets	131,748	125,126	372	257,246
Total assets				257,246
Liabilities				
Segment liabilities	62,932	86,550	388	149,870
Income tax payable				165
Deferred tax liability				383
Total liabilities				150,418

Geographical information

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

Notes to Financial Statements

December 31, 2014

34 SEGMENT INFORMATION (cont'd)

The following table provides an analysis of:

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

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

	Revenue		Capital expenditure		Non-current assets*	
	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
People's Republic of China (including Hong Kong)	475,167	385,818	112	34	28,682	24,687
Australia	10,247	8,571	2	3	55,963	66,064
Others	14,443	18,750	122	39	1,238	1,264
	499,857	413,139	236	76	85,883	92,015

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

* Non-current assets other than financial instruments

Information about major customers

Included in revenues of S$482,709,000 (2013 : S$398,579,000) arising from the Lifestyle segment are revenues of approximately S$189,746,000 (2013 : S$55,260,000) which arose from sales to 2 (2013:1) of the Group's largest customers.

35 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiaries in the Group	–	–	18,538	24,058

At the end of the reporting period, the Company has granted a Sponsor Guarantee for a maximum of S$31.3 million to a bank in respect of bank facilities utilised by an investee of the Group's available-for-sale investment for the purchase of properties in Japan. There has been no call / demand from the bank on the guarantee to date. The Company did not provide such guarantee in the previous year.

At the end of the reporting period, the Group has granted a Cost Overrun Guarantee for a maximum of S$18.1 million to a bank in respect of bank facilities utilised by a borrower of the Group's loans receivable for a project to fund the construction of apartments in Australia. There has been no call / demand from the bank on the guarantee to date. The Group did not provide such guarantee in the previous year.

Notes to Financial Statements

December 31, 2014

35 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

Commitments

As at December 31, 2014, the investment subsidiary of the Group, Thakral Capital Investments Limited ("TCIL") has entered into several agreements to participate in the development of projects in Australia in respect of which the full amount of capital committed for those projects has not been recorded as liabilities in the financial statements. The details of the projects are as follows:-

(a) Project A in Brisbane, in respect of which TCIL has committed to provide or procure the provision of up to A$46.2 million (equivalent to S$50.0 million) by way of progressive subscriptions of debt instruments. Monies of A$12.6 million (equivalent to S$13.6 million) has been recorded as loans receivable in Note 15 to the financial statements for the amounts provided by the Group. As at December 31, 2014, the Group has procured the provision of about A$16.6 million (equivalent to S$18.0 million). The balance of the capital required for Project A will be sourced from external capital providers by way of mezzanine debt at the time of financial close with the senior lender by April 2015.

(b) Project B in Brisbane where TCIL has committed to provide or procure the provision of about A$15.0 million (equivalent to S$16.2 million) by way of progressive subscriptions of debt instruments. The first funding is expected to occur after development approvals are obtained approximately in March 2015.

In 2013, the outstanding commitment related to Project C in Brisbane in respect of which the Group had committed A$12.8 million (equivalent to S$14.4 million). In 2013, monies of A$10.6 million (equivalent to S$11.9 million) had been recorded as loans receivable in Note 15 to the financial statements for the amounts provided by the Group. There were no further commitments outstanding for this project at the end of 2014.

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Within 1 year	788	891	84	35
In the second to fifth years inclusive	548	597	35	–
	1,336	1,488	119	35

Operating lease expense during the year amounted to S$2,234,000 (2013 : S$2,237,000).

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

Notes to Financial Statements

December 31, 2014

36 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

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

	Group	
	2014	2013
	S$'000	S$'000
Within 1 year	7,149	7,156
In the second to fifth years inclusive	10,978	16,634
	18,127	23,790

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

Property rental income earned during the year was S$7,150,000 (2013 : S$5,753,000) (Note 27).

37 SUBSEQUENT EVENTS

On January 29, 2015, the Company and its wholly-owned subsidiary, Thakral Capital Holdings Pte Ltd ("TCH"), entered into a share sale agreement (the "Share Sale Agreement") with each of (i) J & H Singh Pty Limited (in its capacity as trustee for ASK Buyser Executive Superannuation Fund No. 1); (ii) Aljen Pty Limited (in its capacity as trustee for Aljen Trust); (iii) Australian Forestry Investments Pty Limited (in its capacity as trustee for Barry Family Trust); and (iv) GMC Investments (Aust) Pty Limited (in its capacity as trustee for GMC Investment Trust) (each, a "Vendor" and together, the "Vendors"). Pursuant to the Share Sale Agreement, TCH (under the direction of the Company) has agreed to purchase and each of the Vendors has agreed to sell their respective portions of the issued and paid-up share capital of TCAP Pte Ltd ("TCAP" and together with its subsidiaries, the "TCAP Group") (amounting to an aggregate of 49% of the issued and paid-up capital of TCAP), on the terms and subject to the conditions of the Share Sale Agreement (the "Proposed Acquisition").

In consideration for the Proposed Acquisition, TCH shall allot and issue an aggregate of 250,000 new ordinary shares in the capital of TCH (the "Consideration Shares") at an issue price of S$80.80 per Consideration Share to the Vendors, of which 50,000 Consideration Shares (the "Escrowed Shares") shall be held by the Company as bare trustee for and on behalf of the Vendors subject to the fulfilment of certain escrow release conditions or the occurrence of a defined event before 31 December 2017. This restructuring is subject to the approval of shareholders at an extraordinary general meeting to be held at a later date.

Notes to Financial Statements

December 31, 2014

38 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Management reclassified interest receivables previously recorded as part of cash and cash equivalents to other receivables to better reflect the nature of these items. As the reclassification has no material impact to the statement of financial position as at the beginning of the preceding period and there is no impact to the opening retained earnings, the statement of financial position as at January 1, 2013 is not presented.

As a result, certain line items have been amended in the statement of financial position and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	S$'000	S$'000
Statement of financial position		
Cash and bank balances	47,768	45,935
Other receivables and prepayments – current	26,451	28,284
Pledged fixed deposits	7,947	7,694
Other receivables and prepayments – non-current	–	253

Shareholders Information

As at March 23, 2015

Issued and fully paid-up capital	:	S$72,498,724.21
Number of issued shares	:	2,617,213,668
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1- 99	15	0.19	493	0.00
100 - 1,000	995	12.78	575,733	0.02
1,000 - 10,000	3,622	46.54	15,366,605	0.59
10,001 - 1,000,000	3,019	38.79	404,373,723	15.45
1,000,001 and above	132	1.70	2,196,897,114	83.94
Total	**7,783**	**100.00**	**2,617,213,668**	**100.00**

SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

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

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

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

(5) Held through Prime Trade Enterprisese Limited.

(6) Held through Venture Delta Limited.

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

(8) Market Watch Ltd holds 65 million shares in the Company which amounts to an interest of 2.48% in the Company.

Shareholders Information

As at March 23, 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	427,349,731	16.33
2.	Prime Trade Enterprises Limited	384,525,576	14.69
3.	Venture Delta Limited	202,453,352	7.74
4.	United Overseas Bank Nominees (Private) Limited	200,200,898	7.65
5.	Raffles Nominees (Pte) Limited	147,719,733	5.64
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	88,860,644	3.40
7.	Kanwaljeet Singh Dhillon	80,660,000	3.08
8.	Market Watch Ltd	65,000,000	2.48
9.	OCBC Securities Private Limited	63,103,098	2.41
10.	Thakral Investments Limited	62,805,656	2.40
11.	Asia Richer Investment Services Limited	41,895,000	1.60
12.	DBS Nominees (Private) Limited	35,390,597	1.35
13.	CIMB Securities (Singapore) Pte. Ltd.	27,776,000	1.06
14.	Phillip Securities Pte Ltd	20,574,133	0.79
15.	Amarjit Kaur	18,248,000	0.70
16.	OCBC Nominees Singapore Private Limited	14,673,914	0.56
17.	Atma Singh s/o Lal Singh	13,235,000	0.51
18.	UOB Kay Hian Private Limited	10,845,416	0.41
19.	Bulkships Asia Pte Ltd	10,000,000	0.38
20.	Maybank Kim Eng Securities Pte. Ltd.	9,599,000	0.37
Total		1,924,915,748	73.55

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 23, 2015, approximately 56.06% of the issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Company did not hold any treasury shares as at March 23, 2015.

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14 APRIL 2015

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 2014 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information pertaining to the proposed renewal of and amendment to 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 29 April 2015 at 3:00 pm at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031.

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

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

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

THAKRAL CORPORATION LTD

(Incorporated in Singapore)

(Company Registration Number: 199306606E)

APPENDIX TO ANNUAL REPORT 2014

in relation to

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

Appendix to Annual Report 2014

DEFINITIONS

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

"AGM"	:	The Annual General Meeting of the Company to be held on 29 April 2015.
"Appendix"	:	This appendix to the Company's Annual Report 2014 dated 14 April 2015.
"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, Pratap Chinnan Nambiar 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.
"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.

Appendix to Annual Report 2014

"IPT Mandate"	:	A Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies or any of them, to enter into Interested Person Transactions with the Interested Persons and has the meaning ascribed to it in Section 2.1.5 of this Appendix.
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Lock Out Agreement"	:	The agreement entered into by the Company, Mr. Kartar Singh Thakral, Thakral Brothers (Private) Limited and Dartmoor Pte Ltd dated 24 November 1995 in relation to the parties' trading activities with their consumer electronic product customers worldwide and between themselves.
"NTA"	:	Net tangible assets.
"Rights to Lock-Out"	:	Has the meaning as ascribed to it in Section 3.2.2 of this Appendix.
"Sales Director"	:	The sales director of a major subsidiary of the Company who is not an Interested Person.
"Securities Accounts"	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.
"Shareholders"	:	The registered holders of Shares except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts.
"Shares"	:	Ordinary shares in the share capital of the Company.
"Subsidiaries"	:	Has the meaning as ascribed to it by Section 5 of the Companies Act.
"Substantial Shareholder"	:	Has the meaning as ascribed it by Section 81 of the Companies Act.
"TCL Territories"	:	Hong Kong, the People's Republic of China, Taiwan, Japan, the Philippines and such other countries as may be agreed by the parties to the Lock Out Agreement from time to time.
"TFC Sale in TCL Territories"	:	Sale by any of the Thakral Family Companies of consumer electronic products (i) to parties in the TCL Territories or (ii) to parties outside the TCL Territories which they know to be destined for resale in or into the TCL Territories.
"Thakral Controlling Company"	:	Any of Thakral Investments Limited, Preview Investments Limited and/or any company (i) that will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) in which a Thakral Family Director or his associate has an interest.
"Thakral Controlling Shareholder"	:	Any of Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral, Madam Manbeen Kaur Thakral and/or any individual who (i) will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) is a Thakral Family Director or an associate of a Thakral Family Director.
"Thakral Family Directors"	:	Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral and/or Mr. Bikramjit Singh Thakral.

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"Thakral Family Company"	:	(1) a company in which any Thakral Family Director and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (2) a company in which any Thakral Controlling Shareholder and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (3) a Thakral Controlling Company; or (4) a company which is a subsidiary or holding company of any Thakral Controlling Company or a subsidiary of such holding company or a company in the equity of the Thakral Controlling Company and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more, excluding the Group from time to time, and "Thakral Family Companies" shall be construed accordingly.
"S$"	:	Singapore Dollars, the lawful currency of the Republic of Singapore.
"%" or "per cent"	:	Per centum.

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

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

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

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

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

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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 and the amendment to the IPT Mandate.

2. THE PROPOSED RENEWAL OF AND AMENDMENT TO 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 2014, the NTA of the Group was S$98,190,000. 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$4,909,500.

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

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

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

(a) the listed company;

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

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

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

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

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(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 24 April 2014 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 29 April 2015 and the Directors are proposing to renew the IPT Mandate at the AGM.

2.2.3 In view of the trading in products with higher unit value and volume over the past year, management considers that the trend of increasing value of Interested Person Transactions will continue going forward. As the market for these products is dynamic and very fast moving, commercial expediency in terms of the need to make quick decisions is an essential factor for successfully timing the best action to be taken. Any delay in confirming the transaction terms then i.e., where time is taken to obtain approval from the higher-level approval parties, would result in the loss of the sale/purchase entirely or in less favourable terms being obtained. This is because the participating customers and/or suppliers are constantly bidding and asking for the best terms or deal available in the market and will move to a counterparty with better terms if the initial deal is not confirmed when offered.

The value and frequency of transactions has increased in 2015. As an example, in Q1FY2014, there were a total of 12 purchase transactions with an average value of S$201,000 requiring hierarchical approval based on the value of Interested Person Transactions. Up to 28 February 2015 (i.e., 2 months only), there have been a total of 14 purchase transactions with an average value of S$397,000 requiring such approval. The reason for such increase is that the Thakral Family Companies have a source of supply for goods requested by customers of the Group which it has been unable to source from other suppliers. Such purchases are expected to continue at a high rate going forward.

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The Audit Committee has reviewed the existing threshold limit under each categorised level of approval pursuant to Section 3.3.1(b) of the Other Review Procedures and approved for the threshold limits to be increased as follow to appropriately match the current transaction values with effect from the renewal of the IPT Mandate at the AGM:

Category	Existing Threshold Limit	New Threshold Limit
Category 1 – Approval by Sales Director	Transaction value exceeding S$100,000 but is less than or equal to S$250,000.	Transaction value exceeding S$100,000 but is less than or equal to **S$500,000**.
Category 2 – Approval by the Chief Financial Officer	Transaction value exceeding S$250,000 but is less than or equal to S$500,000.	Transaction value exceeding **S$500,000** but is less than or equal to **S$1,000,000**.
Category 3 – Approval by the Audit Committee	Transaction value exceeding S$500,000.	Transaction value exceeding **S$1,000,000.**

The enhanced limits would enable the relevant executive(s) from the operations to meet the need for commercial expediency in confirming high value sales/purchase transactions with buyers/suppliers respectively in fast-moving market conditions and avoid creating administrative load.

The Audit Committee has reviewed the increase in the above threshold limits and is of the view that the increase in the approval threshold limit under each categorized Interested Person Transactions (i) does not constitute a change in the review procedures for the Interested Person Transactions since the last Shareholders' approval and (ii) the review procedures have not become inappropriate or insufficient to ensure that the Interested Persons Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

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.

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2.5 Benefits to Shareholders

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

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

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

3.1 General

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

3.2 Lock Out Agreement

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

3.2.2 Notwithstanding the termination of the Lock Out Agreement, the Audit Committee has the right to require the provisions of the Lock Out Agreement to re-apply to the parties of the Lock Out Agreement ("**Rights to Lock-Out**") if the shareholding of Mr. Kartar Singh Thakral, Mr. 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 Companies 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 Companies 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 FY2014 to determine whether the Rights to Lock-Out had become exercisable and should be exercised by the Audit Committee. After due consideration, taking into account that the Group would likely benefit more than the relevant Thakral Family Companies if the Lock Out Agreement was not reinstated, the Audit Committee took the view that it was advantageous to all Shareholders including minority shareholders that the Audit Committee not exercise the Rights to Lock-Out and not reinstate the Lock Out Agreement.

3.3 Other Review Procedures

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

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

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

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

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

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

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

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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. The increased threshold limits under each categorised Interested Persons Transactions with effect from the renewal of the IPT Mandate as detailed under Section 2.2.3 of this Appendix will be as follow:

(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**;

(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**.

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

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

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

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

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

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

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

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

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

5. VALIDITY PERIOD OF THE RENEWED IPT MANDATE

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

6. DISCLOSURE IN ANNUAL REPORT

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

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

7. STATEMENT OF THE AUDIT COMMITTEE

7.1 Having considered, *inter alia*, the terms, the rationale for and the benefits of renewing the IPT Mandate, the Audit Committee is satisfied that the methods or procedures implemented in FY2014 and which will be maintained by the Company as set out in Section 3 of this Appendix for determining transaction prices of Interested Person Transactions have not changed since the last Shareholders' approval and the current methods or procedures are sufficient to ensure that the Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. As such, an independent financial adviser's opinion is not required for the renewal of the Company's IPT Mandate under Listing Rule 920(1)(c).

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

8. DIRECTORS' RECOMMENDATION

8.1 The Directors who are considered independent for the purpose of making a recommendation to Shareholders on the renewal of and amendment to the IPT Mandate are Messrs Natarajan Subramaniam, Jaginder Singh Pasricha, Lee Ying Cheun, Pratap Chinnan Nambiar 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.

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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 and amendment to the IPT Mandate.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

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

10. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

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

1.02 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 and amendment to the IPT Mandate for other Shareholders of the Company unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

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

(ii) the Annual Report of the Company for FY2014.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Wednesday, 29 April 2015 at 3.00 p.m. at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Dileep Nair, a Director who is retiring pursuant to Article 76 of the Company's Articles of Association. **(Resolution 2)**

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

3. To re-elect Mr. Jaginder Singh Pasricha, a Director who is retiring pursuant to Article 94(2) of the Company's Articles of Association. **(Resolution 3)**

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

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

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

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

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

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

5. To approve the payment of Directors' fees of S$562,500 for the year ending 31 December 2015, to be paid quarterly in arrears. (31 December 2014: S$485,500) **(Resolution 7)**

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

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

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares**

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

9. **Renewal of and amendment to 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 2014 dated 14 April 2015 (the "Appendix"), including the amendment to the threshold limits as set out in Section 2.2.3 of the Appendix, with any party who is of the class or classes of interested persons described in Section 2.4.1 of the Appendix, provided that all such transactions and arrangements are made on normal commercial terms in accordance with the review procedures for interested person transactions as set out in Section 3 of the Appendix, and that the Directors of the Company be and are hereby authorised to take such steps and exercise such discretion as the directors of the Company may in their absolute discretion deem fit, advisable or necessary in connection with all such transactions and arrangements (the "Shareholders' Mandate");

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

(c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.
[See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Chan Wan Mei
Company Secretary
Singapore
Date: 14 April 2015

Notice of Annual General Meeting

Explanatory Notes

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

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company.

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

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year as well as approve the amendment to the threshold limits as set out in Section 2.2.3 of the Appendix and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes

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

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

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) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

THAKRAL CORPORATION LTD

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

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 14 April 2015.

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

of ____

____ (Address)

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

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

*and/or

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 April 2015 at 3.00 p.m. at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Re-election of Mr. Dileep Nair as a Director		
3	Re-election of Mr. Jaginder Singh Pasricha as a Director		
4	Re-appointment of Mr. Natarajan Subramaniam as a Director		
5	Re-appointment of Mr. Kartar Singh Thakral as a Director		
6	Re-appointment of Mr. Lee Ying Cheun as a Director		
7	Approval of Directors' fees amounting to S$562,500 for the year ending 31 December 2015, to be paid quarterly in arrears		
8	Re-appointment of Deloitte & Touche LLP as Auditors		
9	Authority to allot and issue shares		
10	Renewal of and amendment to Shareholders' Mandate for Interested Person Transactions		

Dated this ________ day of ________________ 2015

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

____

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

*Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Upper Circular Road, #03–06 The Riverwalk, Singapore 058416 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

1st fold here

PROXY FORM

Affix
Postage
Stamp

The Company Secretary
THAKRAL CORPORATION LTD
20 Upper Circular Road
#03–06 The Riverwalk
Singapore 058416

2nd fold here

3rd fold here and seal

Group Offices

SINGAPORE

Thakral Corporation Ltd
Thakral Capital Holdings Pte Ltd
TCAP Pte Ltd
Thakral Japan Properties Pte Ltd

20 Upper Circular Road
#03-06 The Riverwalk
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Fax (65) 63367225
www.thakralcorp.com
www.tcap.com.sg

Thakral Lifestyle Pte Ltd

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Fax (65) 65355830
www.thakral-lifestyle.com

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TCL Properties Pty Ltd

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Zhongguancun West
Hai Dian District
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Fax (86-10) 62416177

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Fax (86-20) 87321608

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www.thakral.com.hk

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www.sstpl.com

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