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Announcement of Acquisitions and Realisations of Assets

* Asterisks denote mandatory information

Name of Announcer *	THAKRAL CORPORATION LTD
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Announcement submitted on behalf of	THAKRAL CORPORATION LTD
Announcement is submitted with respect to *	THAKRAL CORPORATION LTD
Announcement is submitted by *	Anil Daryanani
Designation *	Group Financial Controller
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>> Announcement Details

The details of the announcement start here ...

Description

Please refer to attachment.

Attachments

 [ThakralCorp_Annmt_Disposal_TetronicsAssets_20090714.pdf](#)
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THAKRAL CORPORATION LTD

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

ANNOUNCEMENT

DISPOSAL OF ASSETS OF SHANGHAI TETRONICS CO., LTD

The board of directors (the "Board") of Thakral Corporation Ltd (the "Company" and together with its subsidiaries, the "Group") wishes to announce that its indirect subsidiary, Shanghai Tetronics Co., Ltd ("Shanghai Tetronics") entered into a conditional agreement and a supplemental agreement on 8 May 2009 ("the Agreements") with Shanghai Yishengda Electronics Co. Ltd ("YSD") for the disposal of its production equipments and four vehicles (collectively, the "Assets") to YSD for a total cash consideration of RMB7.7 million (the "Sale Price") (approximately S\$1.65 million¹) (the "Disposal").

Shanghai Tetronics was originally formed to undertake the business of electronic manufacturing services. Shanghai Tetronics ceased operating its business with effect from 31 March 2009 following the decision of the Board to exit the electronic manufacturing business which was announced with the release of the Group's 2008 2nd quarter results on 8 August 2008.

The Sale Price was negotiated on an arm's length commercial basis. The net tangible asset value attributable to the Assets as at 31 December 2008 in the financial statements of the Group was RMB240,000 (approximately S\$50,000 at the exchange rate as at 31 December 2008). The Disposal will result in a gain of approximately RMB7.46 million (approximately S\$1.60 million) to the Group (being the difference between the Sale Price and the net book value attributed to the Assets).

YSD has paid a deposit of RMB3.0 million (approximately S\$0.64 million), which was received by Shanghai Tetronics on 11 May 2009. The balance of the consideration of RMB4.7 million (approximately S\$1.01 million) is payable within 3 business days of the transfer of title of the Assets by Shanghai Tetronics to YSD, which is expected to occur by 30 October 2009 and in any event no later than 31 December 2009.

Use of sale proceeds

The sale proceeds from the Disposal are intended to be applied as additional working capital for the businesses of the Group.

Material terms and conditions of the Disposal

The Agreements are conditional on the Singapore Exchange Securities Trading Limited's ("SGX") confirmation that the approval of the Company's shareholders ("Shareholders") will not be required for the Disposal, or failing such confirmation, obtaining Shareholders' approval as

¹ Unless otherwise stated, the exchange rate applied are as follows:
(a) As at 8 May 2008: RMB4.6494 = S\$1 (source: www.oanda.com); (b) As at 31 December 2008 :RMB4.7384 = S\$1; (c) average exchange rate for the year ended 31 December 2008: RMB4.9244 = S\$1 (source: Asian Wall Street Journal dated 2nd January 2009).

required. SGX had on 21 May 2009 confirmed that Shareholders' approval is not required for the Disposal under Chapter 10 of the Listing Manual.

Financial effects of the Disposal

The following describes the financial effects of the Disposal on the Group's net tangible assets and earnings:

(a) **Net Tangible Assets (“NTA”)**

Assuming that the Disposal had been effected at the end of the Group's financial year ended 31 December 2008 and based on the Group's audited consolidated financial statements for the year ended 31 December 2008, the financial impact on the consolidated NTA of the Group would be as follows:

As at 31 December 2008	Before Disposal	After Disposal
NTA (S\$'000)	205,822	207,427
NTA per share (cents)	7.88	7.94

(b) **Earnings**

Assuming that the Disposal had been effected at the beginning of the Group's financial year ended 31 December 2008 and based on the Group's audited consolidated financial statements for the year ended 31 December 2008, the financial impact on the consolidated earnings of the Group would be as follows:

As at 1 January 2008	Before Disposal	After Disposal
Loss after tax and minority interests (S\$'000)	20,473	18,868
Loss per share (cents)	0.78	0.72

Relative figures of the Disposal under Chapter 10 of the Listing Manual

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2008, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

(a) Rule 1006(a)

The comparison between the net asset value of the Assets as at 31 December 2008 (being approximately S\$50,759 at the closing exchange rate ruling on 31 December 2008) and the Group's net asset value as at 31 December 2008 (being S\$205,822,000), is approximately 0.02%.

(b) Rule 1006(b)

The comparison between the profit arising from the disposal of the Assets (being approximately S\$1,605,369 at the average exchange rate for the year ended 31

December 2008) and the Group's net loss for the year ended 31 December 2008 (being approximately S\$20,727,000), is approximately -7.75%.

(c) Rule 1006(c)

The comparison between the aggregate consideration payable to the Group for the Assets (being approximately S\$1,656,128) and the Company's market capitalisation (based on the total number of issued shares) as at the close of trading on 7 May 2009 (the market day preceding the date of the Agreements) (being approximately S\$143,666,252) is approximately 1.15%. There are no treasury shares held by the Company.

(d) Rule 1006(d)

This test is not applicable as no equity securities will be issued by the Company as consideration for the Disposal.

Rationale and Benefits for the Disposal

The rationale and benefits for the Disposal are as follows:

- (a) Shanghai Tetronics has been loss-making since its incorporation;
- (b) Shanghai Tetronics' revenue constituted only 1.6% of the Group's revenue and it has attributable losses of about S\$9.6 million (including impairment charges and provisions for planned closure) for the year ended 31 December 2008;
- (c) Shanghai Tetronics has been experiencing a slow-down in demand and increase in operational costs;
- (d) equipment with superior technology compared to the Assets is now available at relatively cheaper prices;
- (e) Shanghai Tetronics has discontinued its business and operations; and
- (f) the Disposal would enable the Group to dispose of assets which contribute to the Group's loss. The proceeds can, in part, be utilised towards payment of existing liabilities of Shanghai Tetronics and exit costs and the balance towards additional working capital for the businesses of the Group.

Directors and Controlling Shareholders' Interests

None of the directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

Service Agreements

No person will be appointed to the Board in connection with the Disposal and no service contracts in relation thereto will be entered into by the Company.

Documents available for inspection

Copies of the Agreements are available for inspection by Shareholders during normal business

hours at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416, for a period of 3 months from the date of this announcement.

By Order of the Board

Kartar Singh Thakral
Chairman
14 July 2009
Singapore