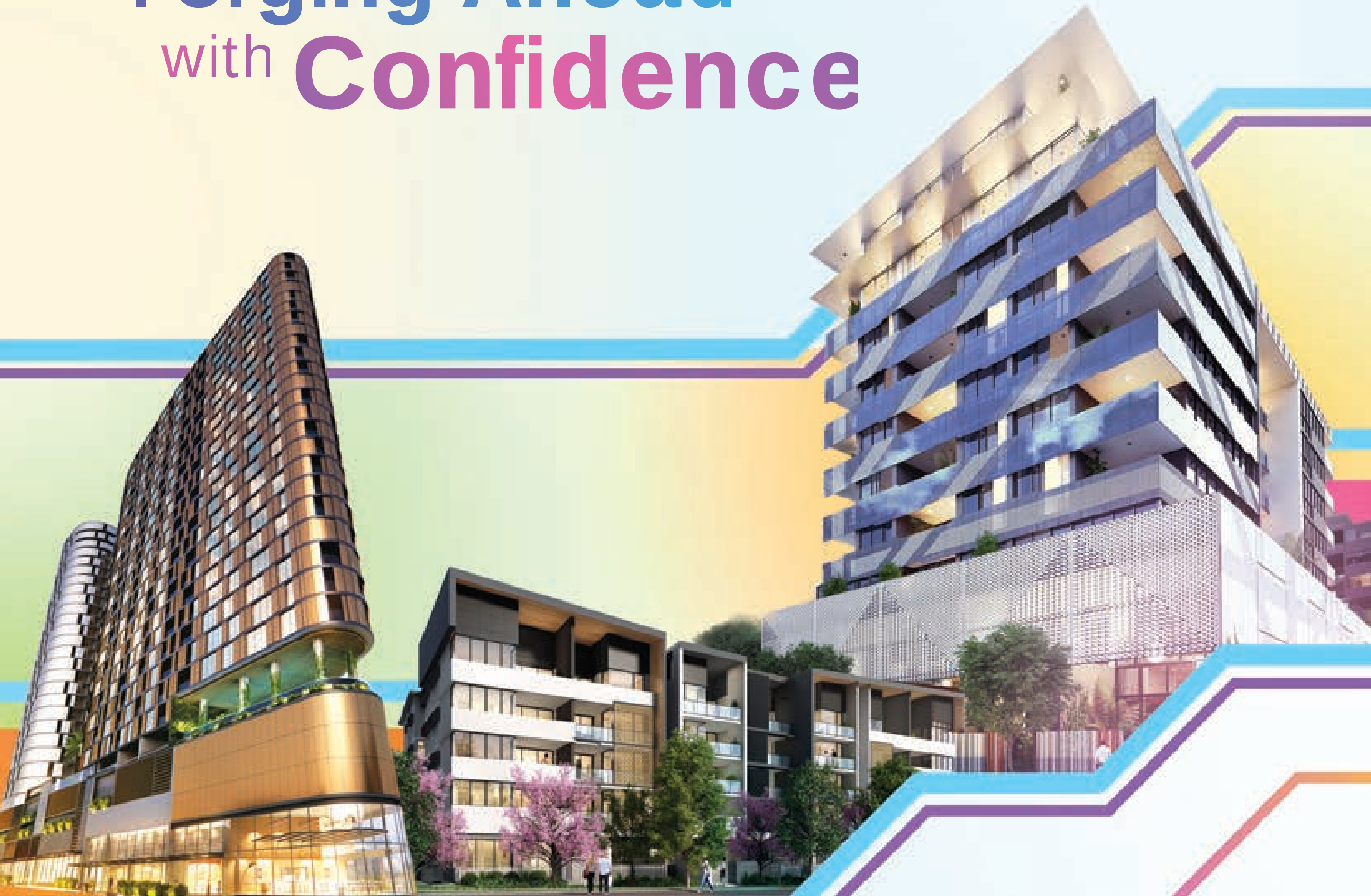
THAKRAL
CORPORATION LTD

Forging Ahead with Confidence



Annual Report 2015

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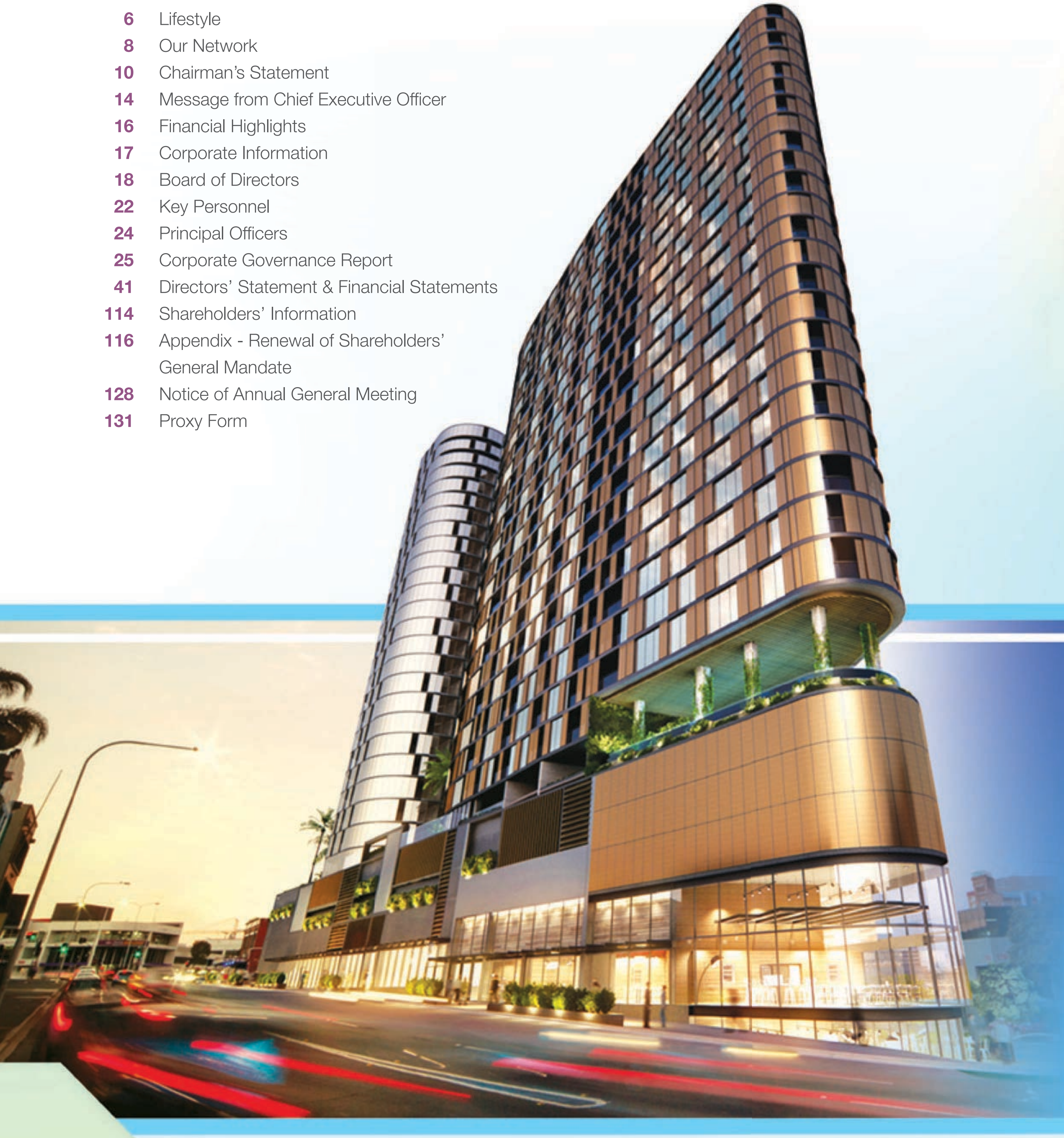


Corporate Profile

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

The Group invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from services rendered from the originating, packaging and managing of such projects.

The Group's Lifestyle Division has repositioned itself with a focus on Beauty & Health products. Its extensive brand portfolio include global names such as Apple, Aviendo, Beko, Bose, Canvas, Daewoo, DJI, Harmon Kardon, Leaders, MTG (Refa), Sixpad, Ortech, Panasonic, Philips, Pomone and Skullcandy.

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.

Investments

Thakral Capital Holdings Pte Ltd
Singapore

Thakral Capital Australia Pty Ltd
Brisbane and Sydney, Australia

Thakral Japan Properties Pte Ltd
Singapore

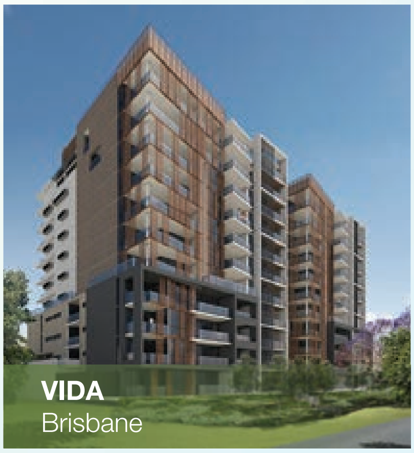
Current Projects

FV Stage 1
Brisbane

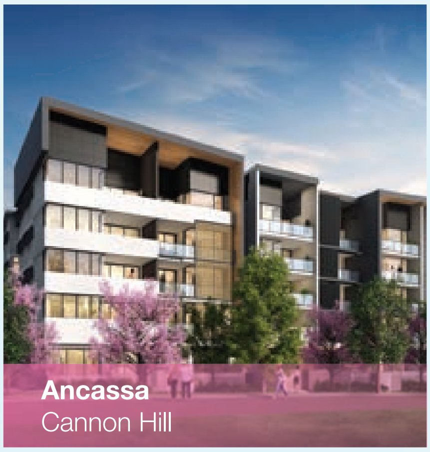
Dai-ichi Jyuken Yotsubashi
Osaka

Yotsubashi Nakano
Osaka

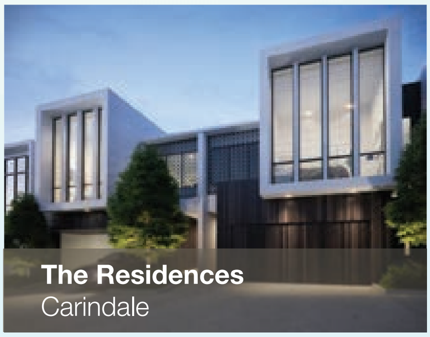
Newstead Series
Brisbane



VIDA
Brisbane

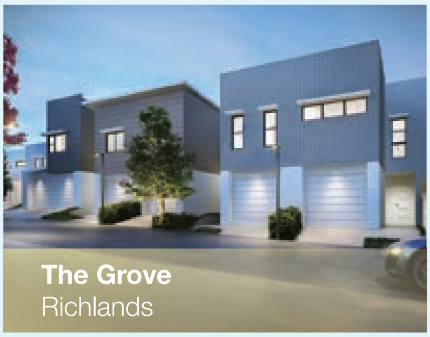


Ancassa
Cannon Hill



The Residences
Carindale

Portavilla
Murarrie



The Grove
Richlands

Living Gems Over 50s Resorts JV
Toowoomba and Bribie Island

Eden
Sydney

Sanctuary Cammeray
Sydney

GLNG Housing Project
Gladstone

Investments

Past Projects

Sephora
Brisbane

Gateway
Mackay

Harbour One
Melbourne

The Quays
Melbourne

Australia Towers Stage 1
Sydney

Emerant Lane
Sydney

Union Balmain
Sydney

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


AC-Dressing
Aquaringer
"Violet Energy"
Coconut Bio Mask
with BLUEBERRY


POMONE
MUNIFICENCE
Crème Jour & Nuit

Our Network

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

Moving Forward with Strategic Steps

We have, over the years, transformed Thakral into a value-driven Group with dual-focus on lifestyle and investments.

Chairman's Statement

Dear Shareholders,

Forging Ahead with Confidence

The Group has continued to prove its resilience in the face of challenging conditions.

We have stepped up performances in both our Lifestyle and Investment divisions with gross profit for the financial year ended December 31, 2015 ("FY2015") growing 38% to S$33.1 million from S$24.0 million previously. Gross profit margin more than doubled to 10% from 4.8% in the prior year.

Profit attributable to shareholders improved to S$6.1 million against a loss of S$0.1 million in the previous year.

Updated valuations on the Group's investment properties in Hong Kong and China as well as the GLNG houses in Australia saw the Group recognize a net valuation gain of S$9.9 million for the year. The market values of the Group's properties in Japan also increased by about 14% compared to their acquisition cost.

The Investment Division continued to lead the Group's performance, reporting a 40% rise in revenue to S$24.0 million in 2015 against S$17.1 million in the previous year. Segment profit rose to S$15.8 million from S$13.6 million previously although the share of profits to minority shareholders increased to S$2.5 million from S$0.3 million previously.

The Investment Division has also taken steps to diversify into other asset classes or segments in real estate with higher future growth potential. These include a joint venture with PVAP Pty Ltd which is a multi-award winning resort style retirement village developer. The joint venture has contracted to acquire three sites in Queensland/New South Wales to develop over 800 residential lots. Development of the three sites is expected to commence in the current year with further site acquisitions expected in the future.

The Lifestyle Division continued to improve performance despite weak consumer demand with the slowing economy in China. Excluding a S$2.5 million charge in relation to fees and expenses for the celebrity promotion of the SIXPAD fitness equipment taken in Q4FY2015, this division narrowed its losses by about 12% to S$7.5 million even though sales dipped to S$307.3 million from S$482.7 million in the previous year due to planned reduced focus on certain low margin items.

The Lifestyle Division has also transformed its portfolio with new products such as drones and a stabilized digital action camera manufactured by DJI, the world leader in drones. Meanwhile, the Division continues to reshape and expand its product portfolio in order to drive growth and return to profitability.

"With our strong management team and growth strategies in place, we are confident of staying resilient as we weather challenges posed by economic headwinds."

Natarajan Subramaniam
Independent Non-Executive Chairman

Chairman's Statement

Financial Review

The Group's financial position remains healthy. Our cash and bank balances, including pledged deposits stood at S$29.6 million as at December 31, 2015, compared to S$41.3 million as at December 31, 2014 ("FY2014"), with funds mainly being used for investments made in Australian real estate projects.

The Group's Net Asset Value eased to 73.57 cents (against 74.71 cents in financial year 2014 adjusted for the consolidation of 20 existing ordinary shares for 1 ordinary share on May 11, 2015). The net asset uplift from the revaluation of Investment Properties was offset by the impact of the reorganization of shareholdings in the Investment Division subsidiaries during FY2015.

The Group's earnings per share rose to 4.65 cents for FY2015 (on a post share consolidation basis).

Corporate Social Responsibility

The Group remains committed to supporting worthy social and community causes. In 2015, we have continued to support various meaningful events and activities through sponsorship and charitable donations.

The Group believes in environmental sustainability and has continued to implement eco-friendly practices at its workplaces to reduce energy and water consumption and to recycle waste paper and other materials for alternative uses. In our own business, especially in the investments made through the Investment Division in Australia, we encourage our developer partners to meet all applicable green standards, obtain energy efficient and green ratings for developments where possible and to be sensitive to deliver designs and appropriate use of eco-friendly materials to minimise the need for artificial heating and cooling and for energy efficiency.

For instance, several of our projects are designed for cross ventilation so that the dwellings have natural ventilation to minimise use of artificial means for heating and cooling, and oriented with solar access to capture natural daylight. The following ecologically sustainable development principles are being applied to all our projects to achieve an appropriate balance between economic, environmental and social design factors:

- Environmental - design solutions for environmental management;
- Design - excellence in design to maximise the amenity of the occupier, neighbourhood and the areas' environmental quality; and
- Community Lifestyle - high quality attractive liveable dwellings that offer a diversity of design and living environments for the range of occupiers and the community.

We shall be studying the Singapore Exchange's requirements for sustainability reporting to ensure that the Group is ready to meet the latest disclosure standards and also continue to seek improvements in our efforts towards sustainability of environmental, social and governance issues.

Going Forward

We expect global markets to remain challenging in the wake of uncertainty of the growth of the world economy, currency fluctuations and a slowing China economy.

Although housing activities in Australia are forecast to slow down in 2016, they are likely to be mitigated by low interest rates and a weaker currency which are expected to continue to support modest growth in housing prices and construction activities throughout the year.

While the Investment Division will remain active in Australia and Japan, we will also pursue opportunities in real estate in other Asian markets and different asset classes to achieve positive returns.

The Lifestyle Division will persevere with the continuing strategic transformation of its product range to overcome softer consumer demand in China. This division aims to return to profitability with firm steps to reduce costs and grow sales.

Acknowledgements

The Board wishes to thank all customers, suppliers, employees, bankers, business partners and shareholders for your sustained support of the Group.

We would like to express our sincere thanks and appreciation to our Independent Non-Executive Director, Mr Pratap Chinnan Nambiar who stepped down on December 31, 2015 for his contribution to the Group.

We would also like to register special gratitude and deep appreciation for the late Mr Jaginder Singh Pasricha, our Managing Director, Investments & Corporate, who passed away on 16 January 2016.

We are grateful to him not only for his inputs as a member of the Board since his appointment in 2008 but also his invaluable contribution to the establishment and success of the Group's Investment Division throughout the years.

Mr Pasricha had successfully established and expanded the Company's Investment Division to fulfil the Group's objective of having a second stream of income to strengthen its profitability by bringing in improved contribution and greater diversification in its business. The division had progressed to diversifying into several asset classes and segments of the real estate market that are expected to continue developing in the longer term. These include investing in Japan in 2014 and more recently in August 2015 when the division entered into a joint venture to develop resort style retirement villages in Australia with the Puljich Family. The Investment Division also established a bespoke investment programme called the TCAP Australian Mezzanine Programme with Aberdeen Asset Management Asia Limited on behalf of its property multi-manager.

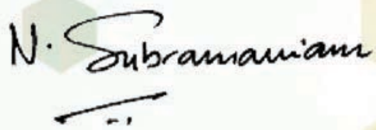
We have appointed Mr Kevin Charles Barry and Mr Greggory John Piercy, who have been with the division since the beginning, as the Joint Managing Directors of our principal subsidiary in Australia, Thakral Capital Australia Pty Ltd. We are also pleased to welcome our newly appointed Non-Executive Director for our principal subsidiary in Singapore, Thakral Capital Holdings Pte Ltd, Mr Eu Lee Koon, formerly from GIC (Singapore) and Sharjah Asset Management LLC, whom the Board believes will contribute valuable inputs and provide guidance to the subsidiary.

At the same time, Mr Inderbethal Singh Thakral, the Managing Director of the Lifestyle Division, had been appointed as Chief Executive Officer of the Group with oversight responsibilities for both divisions since 1 February 2016.

We have also reinforced our Lifestyle Division's team with the appointment of Mr Torsten Stocker, as its Chief Operating Officer. He was previously a partner in the consumer goods and retail practices of global management consultancy, A. T. Kearney and Monitor Group respectively.

With our strong management team and growth strategies in place, we are confident of staying resilient as we weather challenges posed by economic headwinds.

We look forward to your continued support.



Natarajan Subramaniam
Independent Non-Executive Chairman

Message from Chief Executive Officer

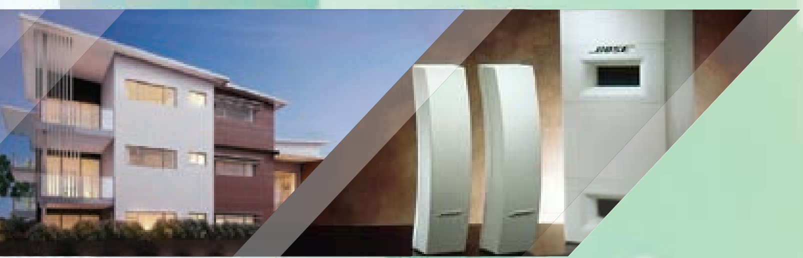
2015 marked the 20th anniversary of the Group's listing on the mainboard of the Singapore Exchange. We have, over the years, transformed the Group from consumer electronics distribution to one that is with a dual-focus. The Lifestyle Division focuses on China and Asian markets while the Investment Division mainly concentrates on investing in properties in both Australia and Japan and our upcoming investments in Resort Style Retirement Living sector. This strategy has yielded positive results for the Group as we were able to leverage on internal synergies to maximise returns from our capital.

For the financial year ended December 31, 2015 ("FY2015"), the Group rebounded to profitability on the back of net valuation gains from the Group's investment properties as well as improved performances of both its Investment and Lifestyle Divisions.

Investment Division

The Investment Division continued to be positive registering a revenue improvement by 40% to S$24.0 million for FY2015 compared to S$17.1 million in the previous year. Segment profit increased to S$15.8 million from S$13.6 million previously.

The division also benefitted from the completion of the Union Balmain project in Australia during the year.



A revaluation gain of S$9.9 million on the Group's investment properties in Hong Kong and China also contributed to its strong performance. In addition, market values for its Japanese real estate investment rose 14% (in home currency terms) compared to acquisition cost.

We are deeply saddened by the loss of Mr Jaginder Singh Pasricha, the Managing Director of our Investment Division. With the joint vision of Mr Pasricha together with Mr Kartar Singh Thakral, they had set up the Investment Division and more importantly set up a company that is highly scalable with quality management in place. Since inception in 2010 the division has completed 8 projects and presently contracted 10 projects with 5 under construction. He established the Thakral name in Australia as a well-known and respected capital partner with total end value of projects exceeding A$2.1 billion.

To ensure a smooth transition, the Board of Directors appointed Mr Kevin Charles Barry and Mr Greggory John Piercy as the Joint Managing Directors of our principal subsidiary, Thakral Capital Australia Pty Ltd and together with our newly appointed Non-Executive Director for our principal subsidiary, Thakral Capital Holdings Pte Ltd, Mr Eu Lee Koon, to take the division to new heights as per some of the plans laid out by Mr Pasricha.

Earlier in 2015, the Group had identified an area of strong growth that comes with the ageing population in Australia. The over 65 demographic is the fastest growing age group in Australia and is expected to reach circa 7 million in the next 20 years. The retirement space is therefore an area we decided to invest in and have set up GTH Resorts Pty Ltd as our joint venture with PVAP Pty Ltd in Australia. Our joint venture partner, the Puljich family, has built a reputable brand over the past 35 years known as the "Living Gems Lifestyle Resorts" which has won many awards including "Most Outstanding Active Lifestyle Resort in the World 2015" for the International Over 50s Housing Awards. We have contracted to acquire 3 development sites with around 800 homes and have identified another 3 sites for acquisition.

Going forward, we will place greater emphasis on retirement resorts (via the "Living Gems" brand) and the division will continue to build on our established relationship to ensure an ongoing pipeline of projects in Australia. Japan continues to look exciting to us and our plans for the year include selling our warehouse space in Hong Kong and utilising part of the proceeds to invest in both Japan and Australia.

Lifestyle Division

For the Lifestyle Division, we have transformed our product portfolio to focus on higher margin beauty and health products.

Excluding a S$2.5 million charge in relation to fees and expenses for the celebrity promotion of the Sixpad fitness equipment taken in Q4FY2015, this division trimmed its losses to S$7.5 million from S$8.5 million in the previous financial year.

In line with our strategy to defocus on certain low margin products, the division's revenue fell by more than a third to S$307.3 million in FY2015 – versus S$482.7 million in FY2014.

The Group had in the past year been active in scouting for novel products to provide new avenues for growth. The Group's Hong Kong operation had been appointed as a distributor for a stabilized digital action camera by DJI, the world leader in drones and has since also started handling DJI drones in the last quarter. The division will continue to explore more new brands and product lines in order to drive growth and return to profitability.

Going forward, there will be more integration of the Hong Kong and China teams to maximise synergies and efficiency. While the management team was strengthened in the past year, there was some restructuring of manpower to transform our sales team to be more in tune with our new product range to keep up with changing consumer demand.

This division will remain focused on growing its array of wellness and beauty products such as MTG's "Style" seat, Refa and SIXPAD which is currently doing well in China.

This division will also expand its business through the setting up of more counters at popular shopping malls in China as well as through online portals such as T-mall and several other websites. This division, which currently has over 300 counters focusing on online to offline business, also plans to expand its own-operated offline counters from the existing 30 to about 50 to 60 later this year. We have also brought on Mr Torsten Stocker as Chief Operating Officer of the division to strengthen our team, enhance our business presence both online and offline and enable us to maximise new growth opportunities.

We expect the performance of the Lifestyle Division to improve and report positive results.

While we aim to gain market share in our key market – China, we will also target to expand beyond its borders to raise brand exposure and drive revenue in other markets in Asia, Europe and the USA.

Forging Ahead

The Group's overall strategic direction is bearing fruit as our portfolio of lifestyle products is improving and our Investment Division continues to invest and contribute substantially to the Group's results and adding more assets to its portfolio.

We are entering a dynamic period of expansion and transformation. I am confident that our strong leadership team and our dedicated workforce will continue to provide our customers, our suppliers, business partners and all our stakeholders with exemplary service, flexibility and integrity.

While the global economy remains challenging and the business climate in China is expected to slow in the coming months, we remain cautiously optimistic of our prospects as we look for new ideas and investment opportunities to deliver sustainable returns to our shareholders.

Inderbethal Singh Thakral
Chief Executive Officer

Financial Highlights

	FY13	FY14	FY15
Revenue (S$ Million)	413.1	499.9	331.3
Net Profit (S$ Million)#	0.01	0.84	8.63
Earnings (Loss) Per Share (cents)#	(0.08)*	(0.09)*	4.65
Net Asset Value (cents)	78.22*	74.71*	73.57

Includes net unrealised valuations gains on investment properties.

* Adjusted for the consolidation of 20 ordinary shares for 1 ordinary share completed on May 11, 2015 - for comparision purpose only.

Corporate Information

BOARD OF DIRECTORS

Executive:

Kartar Singh Thakral

Inderbethal Singh Thakral

Non-Executive:

Natarajan Subramaniam
(Chairman) Independent

Lee Ying Cheun
Independent

Dileep Nair
Independent

Bikramjit Singh Thakral
(Alternate to Kartar Singh Thakral)

AUDIT COMMITTEE

Natarajan Subramaniam
(Chairman)

Lee Ying Cheun

Dileep Nair

NOMINATION COMMITTEE

Lee Ying Cheun
(Chairman)

Natarajan Subramaniam

Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)

COMPENSATION COMMITTEE

Natarajan Subramaniam
(Chairman)

Lee Ying Cheun

Dileep Nair

INVESTMENT COMMITTEE

Natarajan Subramaniam
(Chairman)

Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)

Inderbethal Singh Thakral

COMPANY SECRETARIES

Chan Wan Mei

Chan Lai Yin

REGISTERED OFFICE

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

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd
Six Battery Road
#10-01
Singapore 049909
Tel: (65) 6381 6966
Fax: (65) 6381 6967

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

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

Bank of Ningbo
China

China Citic Bank International Ltd.
Hong Kong

China Merchants Bank Co., Ltd.
China

Shanghai Rural Commercial Bank Co., Ltd.
China

United Overseas Bank Limited
Singapore and Hong Kong

Westpac Banking Corporation
Australia

Board of Directors

Natarajan Subramaniam, Age 77

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 29 April 2015. He is also Chairman of the Audit, Compensation and Investment Committees and a member of the Nomination Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Subramaniam to be an independent director.

Mr Subramaniam began his accounting career in 1965 as a trainee with Blackborn Mellstrom & Co, London and subsequently with Ernst & Young, London. He joined Ernst & Young, Singapore in January 1971 and was 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.

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

Kartar Singh Thakral, Age 82

Inderbethal Singh Thakral, Age 56

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 29 April 2015. 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 Founder Trustee of Nishan-E-Sikhi Charitable Trust, India, a trustee of the Singapore Sikh Education Foundation and Sri Guru Nanak Sat Sang Sabha and was a trustee of Singapore Indian Development Association from 1991 till 31 December 2006. He is a patron of Singapore Khalsa Association and Singapore Sikh Welfare Council.

Executive Director

Mr Inderbethal Singh Thakral ("Mr Bethal") is the Chief Executive Officer ("CEO") 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 was the Managing Director, Lifestyle Business prior to his appointment as CEO of Group on 1 February 2016. He continues to be responsible for the Group's Lifestyle business as well as for the Group's Investment Division. His additional responsibilities include heading the Investment Division, which will continue to concentrate on identifying new opportunities for real estate investments in Australia and Japan, and oversee the joint-venture recently formed to develop resort-style retirement villages for the elderly in Australia as well as build facilities that will provide residential, in-care community services for the elderly.

Mr Bethal has extensive experience in the distribution business and headed the Group's operations in Hong Kong and China since 1984. 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 Japan 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 principal subsidiaries, Thakral Capital Holdings Pte Ltd and Thakral Capital Australia Pty Ltd, and the Chairman of Sahib Sri Guru Gobind Singh Ji Education Trust, Hong Kong.

Board of Directors

Lee Ying Cheun, Age 74

Bikramjit Singh Thakral, Age 40

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 29 April 2015. Mr Lee is the Chairman of the Nomination Committee and a member of the Audit and Compensation Committees of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Lee to be an independent director.

Mr Lee held various appointments in the Economic Development Board and the Trade Development Board from 1966 to 1994. 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. Mr Lee is the Alternate Director to Mr Natarajan Subramaniam on the Board of the Company's principal subsidiary, Thakral Capital Holdings Pte Ltd and sits on the Board of Company's subsidiary, TCAP Pte Ltd. He is also the Corporate Investment Adviser to Bu Chang Pharmaceuticals Group, China.

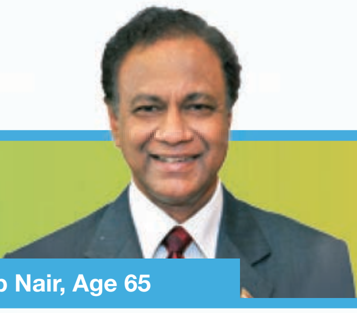
Mr Lee holds degrees in Bachelor of Science and Bachelor of Science with Honours in Applied Chemistry from the University of Singapore and had completed programs in Operations Research from University of Birmingham, Training Methodologies (Turin), Management of Small/Medium Size Enterprises (Osaka) and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

(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 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.



Dileep Nair, Age 65

Independent Non-Executive Director

Mr Dileep Nair is a Non-Executive Director of the Company. He was first appointed a Director on 2 January 2015 and was last re-elected on 29 April 2015. Mr Nair is a member of the Audit Committee and Compensation Committee of the Company. The Board, after due review and taking into consideration the views of the Company's Nomination Committee, considers Mr Nair to be an independent director.

Mr Nair has more than 30 years of experience in governance and public service. His experience includes both stints in the Singapore Government civil service and the United Nations secretariat.

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 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, an Independent Non-Executive Director of Singapore listed Singapore Reinsurance Corporation Limited and a Director of Agri-Food & Veterinary Authority of Singapore. He is also 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 by the Singapore Government and the Friendship Medal in 2013 by the Government of Laos. He holds a Bachelor of Engineering from McGill University and a Master in Public Administration from Harvard University.

Key Personnel

Anil Moolchand Daryanani
Chief Financial Officer

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

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

Torsten Stocker
Chief Operating Officer, Lifestyle Division

Mr Torsten Stocker is the Chief Operating Officer, Lifestyle Division of the Group. Based in Hong Kong and China, he is responsible for taking the lead in bringing about change in the Lifestyle Division and make improvement in all aspects of its operations. He is also responsible for strengthening the team in enhancing the Lifestyle Division's business presence both online and offline and leverage on new opportunities for growth.

Based in Asia since 1996, Torsten was previously a partner in the consumer goods and retail practices of global management consultancy, A.T. Kearney and Monitor Group respectively. He is a regular contributor to Financial Times, Asian Wall Street Journal, Reuters, Bloomberg and other media on consumer-related topics. He holds a Bachelor of Arts from Mannheim Cooperative State University and a MBA from Aston Business School, Aston University.

Kevin Charles Barry
Joint Managing Director
Thakral Capital Australia Pty Ltd

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

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

Kevin was an Executive Director of the CHOPIN structured finance business that originated fixed income products across a number of different asset classes, including mezzanine property finance, lease and trade receivables and investment loans. Prior to joining the Group's Investment Division, he was involved in setting up the credit strategies funds management business at Pengana Capital Limited. He is the Non-Executive Chairman of ASX listed ICSGlobal Limited and a Director of the Company's Singapore subsidiaries, TCAP Pte Ltd and Thakral Capital Holdings Pte Ltd. Kevin graduated with a Bachelor of Commerce and Laws from the University of New South Wales and is a practicing solicitor in New South Wales.

Greggory John Piercy
Joint Managing Director
Thakral Capital Australia Pty Ltd

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

Gregg has more than 30 years of experience in financial markets, banking and real estate investment with a number of major banks, including ANZ Capital Markets, Lloyds and Societe Generale Australia where he was engaged in developing products and trading in derivatives, fixed interest products and asset swap markets.

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

Gregg was Chief Executive Officer of Heritage Capital in Singapore prior to joining the Group's Investment Division. He is a Director of the Company's Singapore subsidiaries, TCAP Pte Ltd and Thakral Capital Holdings Pte Ltd.

Victor Shkolnik
Executive Director
Thakral Capital Australia Pty Ltd

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

Victor has over 29 years of experience in the finance industry, specializing in credit risk management and property financing. He has held a variety of roles, amongst them a Director and Senior Vice President respectively in the risk management divisions of Deutsche Bank AG and Bankers Trust Australia, Head of Credit with Zurich Capital Markets Asia and Chief Credit Officer with the Challenger Group.

Victor was a director of a property development company in Sydney which had undertaken projects in excess of A$300 million and was also a co-founder of a wholesale mortgage company which had assets in excess of A$1.2 billion. He is a Non-Executive Director of ASX listed ICSGlobal Limited, a Director and Alternate Director of the Company's Singapore subsidiaries, TCAP Pte Ltd and Thakral Capital Holdings Pte Ltd respectively. He holds a Bachelor of Economics from Sydney University and is a Fellow of the Financial Services Institute of Australasia and CPA Australia.

Principal Officers

THAKRAL CORPORATION LTD
Singapore

Kartar Singh Thakral
Executive Director

Inderbethal Singh Thakral
Chief Executive Officer

Anil Moolchand Daryanani
Chief Financial Officer

Torsten Stocker
Chief Operating Officer, Lifestyle Division

Vivian But (Ms)
Deputy Financial Controller (Corporate)

Patrick Lau
Asst Financial Controller (Corporate)

THAKRAL CORPORATION (HK) LIMITED
Hong Kong

Kanwaljeet Singh Dhillon
Managing Director

Pessumal Motwani
Senior Vice President - Sales & Marketing

Sophie Doo (Ms)
Financial Controller

Sachin Pradhan
Senior Manager - Business Development

INVESTMENT DIVISION

THAKRAL CAPITAL HOLDINGS PTE LTD
Singapore

Eu Lee Koon
Non-Executive Director

THAKRAL CAPITAL AUSTRALIA PTY LTD
Brisbane & Sydney, Australia

Kevin Charles Barry
Joint Managing Director

Greggory John Piercy
Joint Managing Director

Victor Shkolnik
Executive Director

THAKRAL BROTHERS LIMITED
Osaka, Japan

Kuldip Singh Thakral
Chairman

Sueko Takahashi (Ms)
General Manager & Chief Financial Officer

Deepak Shrestha
Sales Manager

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

Inderbethal Singh Thakral
Chief Executive Officer

Sam Zhang
General Manager - Sales & Marketing

Gan Liang
Senior Vice President

Sean Qiu
Financial Controller

Indergopal Singh Thakral
Sales & Marketing Vice President

Satbir Singh Thakral
Sales & Marketing Vice President - Lifestyle

Chan Ley Ee (Ms)
General Manager - Beauty & Health

SINGAPORE SOURCING & TECHNOLOGY PVT LTD
Noida, India

Gurmeet Singh
Senior Vice President

Dixit Bhatia
General Manager

THAKRAL LIFESTYLE PTE LTD
Singapore

Mr Rikhipal Singh Thakral
Non-Executive Director

Ng Tarn Cheng (Ms)
Senior Manager - Finance

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 by the Board during its November 2015 meeting. The latest list covers matters relating to:

- appointment of Chairman, Directors, Chief Executive Officer, 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, disposal and liquidation of subsidiaries and associates;
- investments, capital projects and 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.

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 Constitution 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 2015 (the "Financial Year") are as follows:

Director	Board	Audit Committee	Compensation Committee	Nomination Committee	Investment Committee
No. of Meetings held	**4**	**4**	**1**	**1**	**5**
Natarajan Subramaniam	4/4	4/4	1/1	1/1	5/5
Kartar Singh Thakral (Alternate: Bikramjit Singh Thakral)	4/4	NA	NA	1/1	5/5
Inderbethal Singh Thakral	4/4	NA	NA	NA	5/5
Lee Ying Cheun	4/4	4/4	1/1	NA	NA
Dileep Nair	4/4	4/4	1/1	NA	NA
Pratap Chinnan Nambiar[1]	4/4	4/4	NA	1/1	NA
Jaginder Singh Pasricha[2]	3/4	NA	NA	NA	4/5

1 Resigned with effect from 31 December 2015.
2 Deceased on 16 January 2016.

Independent directors and non-executive directors met separately on a number of occasions 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, Institute of Singapore Chartered Accountants and other established bodies. The Company funds all relevant training programmes for Board members. The Chairman attended relevant training programmes during the Financial Year. The Chairman and other 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	(Member)
(Alternate: Mr Bikramjit Singh Thakral)	
Mr Inderbethal Singh Thakral	(Member)

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 2015. The role of the Investment Committee is as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amounts up to S$12 million for a single transaction or series of transactions relating to the same subject matter where the total investment does not exceed S$12 million;
- to review and recommend to the Board for approval investment proposals exceeding S$12 million. For the avoidance of doubt, the Investment Committee may at its discretion refer any investment proposal, not exceeding S$12 million to the Board for review and approval;
- to review and approve changes and variations to the terms of investments by the Company and/or its subsidiaries which have previously been approved by the Committee or the Board. The Investment Committee may at its discretion refer any variations to the terms of investments previously approved by the Board or the Investment Committee to the Board;
- to recommend to the Board any appropriate extensions or changes in the 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 five directors of whom two are executive and three 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 shareholders who hold 10% or more of the equity of the company 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, finance, business management, industry and market knowledge that provide effective direction for the Group. Representations from its controlling shareholder coupled with the independent element on the Board - comprising business leaders and professionals with a diversity of knowledge and experience - enables objective exercise of commercial judgment and provides appropriate checks and balances on Management's decisions. The Board has reviewed its size, 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 and visit overseas offices regularly to gain a better understanding of the pressures and opportunities faced by the Group and to provide support and direction.

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 Dileep Nair 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 was formed in 2012 to set out the criteria for the basis for the evaluation. With the resignation of Mr Pratap Chinnan Nambiar and the unfortunate demise of Mr Jaginder Singh Pasricha, the special committee presently comprises Mr Kartar Singh Thakral ("Mr Kartar") and Mr Nair. The evaluation criteria included reviewing past records and performance as well as level of commitment to determine whether such directors have acted, and are likely to continue to act, in the best interests of the shareholders in an independent manner despite their long tenure. Using these criteria as a basis for its decision, the special committee conducts a rigorous evaluation annually on non-executive long serving directors to determine their independence. The special committee had, after their annual evaluation, opined that the Chairman and Mr Lee Ying Cheun have each demonstrated independence in character and judgement in deliberations of the Board and Board Committee level, continue to challenge in a rigorous and constructive manner the proposals supported by Management and major shareholder and have always seen to act in the best interests of the Company in discharging their director's duties despite their long tenure. The special committee had therefore 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.

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"), appointed as the Chief Executive Officer of the Group on 1 February 2016, is responsible for leading the Group's Lifestyle business as well as the Group's Investment Division. 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 Lee Ying Cheun	(Chairman)
Mr Natarajan Subramaniam	(Member)
Mr Kartar Singh Thakral	(Member)
(Alternate: Mr Bikramjit Singh Thakral)	

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

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The terms of reference were last reviewed and amended in November 2015.

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 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 develop a transparent process for evaluation of the performance of the Board, its Board committees and Directors;
- to determine and implement the process of assessing the effectiveness of the Board as a whole;
- to assess the contribution of each individual board member to the effectiveness of the Board;
- to make plans for succession, in particular for the Chairman of the Board, the Chief Executive Officer and members of senior management; 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.

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 Constitution 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. 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 finalised 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.

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 Natarajan Subramaniam	(Chairman)
Mr Lee Ying Cheun	(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 2015. 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.

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

Directors' Remuneration:

Name of Director	Remuneration	Fees	Salary	Bonus/ Ex-gratia	Benefits	Total
	S$'000	%	%	%	%	%
Jaginder Singh Pasricha[1]	970.6	–	58	35	7	100
Inderbethal Singh Thakral	588.8	–	28	–	72	100
Kartar Singh Thakral	314.5	–	99	–	1	100
Natarajan Subramaniam	264.1[2]	100	–	–	–	100
Lee Ying Cheun	111.0	100	–	–	–	100
Dileep Nair	105.0	100	–	–	–	100
Pratap Chinnan Nambiar[3]	92.5	100	–	–	–	100

1 Deceased on 16 January 2016.
2 Includes non-executive director's fee from the Company's principal subsidiary, Thakral Capital Holdings Pte Ltd.
3 Resigned wef 31 December 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$500,000 to S$750,000				
Kanwaljeet Singh Dhillon	54	–	46	100
S$250,000 to S$500,000				
Kevin Charles Barry	72	28	–	100
Greggory John Piercy	72	28	–	100
Victor Shkolnik	72	28	–	100
Anil Moolchand Daryanani	56	15	29	100
Below S$250,000				
K F Patrick Lau	92	4	4	100

The aggregate remuneration paid to the key management personnel (who are not directors or the CEO) for the year ended 31 December 2015 was S$2,061,000 (2014: S$1,995,000).

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$150,000 to below S$250,000				
Indergopal Singh Thakral	30	14	56	100
S$100,000 to below S$150,000				
Satbir Singh Thakral	37	14	49	100
Harminder Kaur Pasricha	100	–	–	100
Below S$100,000				
Kuldip Singh Thakral	–	–	–	–

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 Vice President of the Company's wholly-owned subsidiary, Thakral China Ltd. Mr Satbir Singh Thakral is the son of Mr Bethal. He is the Sales & Marketing Vice President of the Lifestyle Division of Thakral China Ltd.

Mrs Harminder Kaur Pasricha is the wife of the late 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.

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

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 expired on 30 March 2011.

Further information on the 2001 Scheme has been disclosed in the Directors' Statement from page 42 to 43.

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

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

The TCH ESOS is administered by the Compensation Committee of the Company. No options have been granted under the TCH ESOS since its adoption. Full details of the TCH ESOS can be found in the Company's Circular to shareholders dated 14 April 2015.

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 releases 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.

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 objectives.

To strengthen the risk management process, Management has established a risk management framework which requires review of the universe of risks for the Group's businesses along with determination of risk appetite and risk tolerance, the likelihood of the risk, the risk mitigation action plan and its impact after action plan and mitigation. The universe of risks aggregates the significant risks faced by the Group. The boundary of risk taking, beyond which the Group shall not venture, is defined after the determination of the risk appetite and risk tolerance. Business/strategic, 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 Chief Executive Officer 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 Chief Executive Officer, 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 the 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 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 Nair has extensive experience having worked at various ministries of the Singapore Government, financial institutions as well as with International Agencies. He was Chief Executive Officer of Singapore's national savings bank, Post Office Savings Bank of Singapore and a Managing Director of DBS Bank Ltd where he had also served as Chairman of its Operational Risk Committee. He is an Independent Director and a member of the Audit and Risk Committee of Keppel DC REIT Management Pte. Ltd., the Manager of Singapore listed Keppel DC REIT and an Independent Director of Singapore listed Singapore Reinsurance Corporation Limited. The Board has determined that Mr Nair has the necessary business background and experience and is appropriately qualified to discharge his responsibility as a member of the Audit Committee.

The Audit Committee's Terms of Reference clearly set out its authority and duties. The terms of reference were last reviewed in November 2015. 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;

- 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 2015 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 2016, the Audit Committee reviewed and approved the policy and procedures statement and did not recommend any material changes to the document. The policy and procedures statement has been circulated to employees after the review.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

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

Name of interested person	Aggregate value of all interested person transactions during the year ended 31 December 2015 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	–	44,858
Sales, net of returns	–	702
Profit share payable for purchasing services	988	–
Rental for warehouse service contract	368	–
ASK Buyser Executive Superannuation Fund No. 1		
Acquisition of TCAP Pte Ltd and dilution of Thakral Capital Holdings Pte Ltd	4,375	–

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.

Following the retirement of the GIA on 2 April 2016, Grant Thornton Certified Public Accountants LLP, Shanghai has been appointed to handle the internal audit function of 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 recognises the importance of engaging in effective communications with its shareholders and is, at all times, committed to provide shareholders and the investing public, timely, relevant, transparent and quality information on its financial data, corporate strategies as well as material updates and developments of the Group. Hence, the Company has in place an investor relations policy to promote regular, effective and fair communication with shareholders whereby pertinent information can be regularly conveyed to shareholders. The investor relations policy has been reviewed by the Board at its February 2016 meeting.

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 printed 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 expansion.

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 Constitution 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.

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 to attend the general meetings in person, the Company's Articles of Constitution allows such shareholders to appoint one or two proxies to attend and vote on their behalf. With the passing of the final phase of the amendments to the Singapore Companies Act (the "Act") earlier this year, the Company intends to review all changes with external adviser to adopt a new constitution next year to ensure it complies with all the requirements of the Act. During the transition, the Company shall continue its practice to allow 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. CPF investors in the Company's securities, with proper request submitted through their agent bank within the stipulated timeline, are also allowed to attend and vote at the Company's general meetings.

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 Constitution 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. The Company has engaged electronic polling agent and shall implement compulsory polling for all resolutions at all its general meetings in accordance with the listing rule requirement. The Company shall also announce through SGXNET the detailed results of the poll conducted at its general meetings showing the number of votes cast for and against each resolution and the respective percentages.

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 of each of the window closure periods. The internal code also highlights to its officers that it is an offence to deal in the securities of the Company while in possession of unpublished price sensitive information and discourages officers from dealing in the Company's securities on short-term considerations.

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The directors present their statement together with the audited consolidated financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015.

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 113 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Natarajan Subramaniam	(Chairman)
Kartar Singh Thakral	
Inderbethal Singh Thakral	
Lee Ying Cheun	
Dileep Nair	(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 4 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, 2016	At beginning of year #	At end of year	As at January 21, 2016
The Company			Ordinary shares			
Kartar Singh Thakral	–	–	–	39,073,659	39,073,659	39,073,659
Inderbethal Singh Thakral	–	–	–	39,073,659	39,073,659	39,073,659
Jaginder Singh Pasricha *	–	–	–	4,000,000	4,000,000	4,000,000
Bikramjit Singh Thakral	8,900	8,900	8,900	19,226,278	19,226,278	19,226,278

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of directors and companies in which interests are held	Shareholdings registered in name of directors: At beginning of year #	At end of year	As at January 21, 2016	Shareholdings in which directors are deemed to have an interest: At beginning of year #	At end of year	As at January 21, 2016
Subsidiary corporation – TCAP Pte Ltd			**Ordinary shares**			
Jaginder Singh Pasricha *	–	–	–	12,250	–	–
Subsidiary corporation – Thakral Capital Holdings Pte Ltd			**Ordinary shares**			
Jaginder Singh Pasricha *	–	–	–	–	62,500^	62,500^

\# The Company completed the consolidation of its ordinary shares on a 20:1 basis on May 11, 2015. The number of shares at the beginning of the year above have been adjusted for the consolidation of shares for comparison purposes.

* Passed away on January 16, 2016.

^ Includes 12,500 shares held by the Company as bare trustee for and on behalf of the director / director's estate subject to the fulfilment of certain escrow release conditions or the occurrence of a defined event before December 31, 2017.

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.

4 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, after adjusting for the consolidation of shares for comparison purposes, were as follows:

Date of grant	Balance as at January 1, 2015	Cancelled or lapsed	Exercised	Balance as at December 31, 2015	Exercise price (S$)	Exercisable period
Apr 1, 2005	186,500	(186,500)	–	–	1.4	Apr 1, 2006 to Mar 31, 2015
Apr 3, 2006	39,250	(4,250)	–	35,000	0.8	Apr 3, 2007 to Apr 2, 2016
Feb 1, 2007	45,000	(10,000)	–	35,000	1.0	Feb 1, 2008 to Jan 31, 2017
	270,750	(200,750)	–	70,000		

4 SHARE OPTIONS (cont'd)

During the year, 180,000 share options on an adjusted post share-consolidation basis expired upon the lapsing of the exercisable period and 20,750 share options on a post share-consolidation basis 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 Dileep Nair.

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.

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 subsidiary corporations in the Group.

5 AUDIT COMMITTEE

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

Natarajan Subramaniam	(Chairman)
Lee Ying Cheun	
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 re-appointment of the external auditors to the Board of Directors.

5 AUDIT COMMITTEE (cont'd)

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

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

6 AUDITORS

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

ON BEHALF OF THE BOARD

Mr Kartar Singh Thakral

Mr Inderbethal Singh Thakral

March 21, 2016

Independent Auditors' Report

To the Members of Thakral Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, 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 113.

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 financial statements 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 financial position of the Group and of the Company as at December 31, 2015 and the financial performance, 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 subsidiary corporations 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 21, 2016

Statements of Financial Position

December 31, 2015

	Note	Group		Company	
		2015	2014	2015	2014
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances	7	10,609	19,206	186	194
Trade receivables	8	12,303	12,625	–	–
Other receivables and prepayments	9	6,798	9,601	46	60
Bills receivable		–	57	–	–
Loans receivable	15	11,733	15,643	–	–
Derivative financial instrument	16	–	401	–	–
Assets held for sale	13	38,115	7,457	–	–
Inventories	10	25,667	27,704	–	–
Total current assets		105,225	92,694	232	254
Non-current assets					
Pledged fixed deposits	7	18,949	22,130	–	–
Loans receivable	15	28,087	19,009	–	–
Other receivables and prepayments	9	1,492	813	–	–
Property, plant and equipment	11	1,833	5,245	10	16
Investment properties	12	62,391	80,638	–	–
Subsidiary corporations	14	–	–	164,410	120,738
Derivative financial instrument	16	767	–	–	–
Available-for-sale investments	17	17,088	12,633	–	–
Total non-current assets		130,607	140,468	164,420	120,754
Total assets		235,832	233,162	164,652	121,008

See accompanying notes to financial statements.

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	6,258	7,913	–	–
Bills payable and trust receipts	19	20,341	12,973	–	–
Bank loans	20	44,104	50,691	–	–
Other payables	21	15,217	15,530	380	368
Provisions	22	3,089	3,041	52	46
Income tax payable		67	79	–	–
Total current liabilities		89,076	90,227	432	414
Non-current liabilities					
Amount owing to subsidiary corporations	14	–	–	68,180	29,273
Loans from banks and a financial institution	20	28,289	36,751	–	–
Deferred tax liability	23	1,035	429	–	–
Total non-current liabilities		29,324	37,180	68,180	29,273
Capital, reserves and non-controlling interests					
Issued capital	24	72,579	72,579	72,579	72,579
Reserves	25	23,689	25,182	23,461	18,742
Equity attributable to equity holders of the Company		96,268	97,761	96,040	91,321
Non-controlling interests		21,164	7,994	–	–
Total equity		117,432	105,755	96,040	91,321
Total liabilities and equity		235,832	233,162	164,652	121,008

See accompanying notes to financial statements.

Consolidated Statement of
Profit or Loss

Year ended December 31, 2015

	Note	Group 2015 S$'000	Group 2014 S$'000
Revenue	27	331,326	499,857
Cost of sales		(298,223)	(475,810)
Gross profit		33,103	24,047
Other operating income	28	297	1,513
Distribution costs		(10,335)	(6,544)
Administrative expenses		(19,279)	(16,324)
Other operating expenses		(1,696)	(841)
Finance income		1,197	1,403
Finance costs	29	(4,631)	(5,239)
Valuation gains on investment properties, net	12	9,915	2,906
Profit before income tax		8,571	921
Income tax	30	62	(78)
Profit for the year	31	8,633	843
Profit (Loss) attributable to:			
Equity holders of the Company		6,090	(112)
Non-controlling interests		2,543	955
		8,633	843
Basic earnings (loss) per share (cents)	33	4.65	(0.09)
Diluted earnings (loss) per share (cents)	33	4.65	(0.09)

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2015

	Group	
	2015	2014
	S$'000	S$'000
Profit for the year	8,633	843
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Translation gain (loss) arising on consolidation	156	(1,935)
Fair value gain on available-for-sale investments, net of tax	2,886	244
Other comprehensive income (loss) for the year, net of tax	3,042	(1,691)
Total comprehensive income (loss) for the year	11,675	(848)
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	7,714	(1,983)
Non-controlling interests	3,961	1,135
	11,675	(848)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2015

	Issued capital	Capital reserve	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$'000	S$'000
Group										
Balance at January 1, 2014	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 subsidiary corporations	–	–	–	–	–	–	–	–	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.

	Issued capital	Capital reserve	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$'000	S$'000
Group										
Balance at December 31, 2014	72,579	–	3,278	122	252	(30,019)	51,549	97,761	7,994	105,755
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	6,090	6,090	2,543	8,633
Other comprehensive income for the year	–	–	–	1,440	–	184	–	1,624	1,418	3,042
Total	–	–	–	1,440	–	184	6,090	7,714	3,961	11,675
Transactions with owners, recognised directly in equity										
Cash contributions from non-controlling shareholders in subsidiary corporations	–	–	–	–	–	–	–	–	2	2
Capital reserve arising from the reorganisation of shareholding in Investment Division's subsidiary corporations	–	(9,207)	–	–	–	–	–	(9,207)	9,207	–
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	–	–	–	(201)	–	201	–	–	–
Total	–	(9,207)	–	–	(201)	–	201	(9,207)	9,209	2
Balance at December 31, 2015	72,579	(9,207)	3,278	1,562	51	(29,835)	57,840	96,268	21,164	117,432

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2015

	Issued capital S$'000	Options reserve S$'000	Retained earnings S$'000	Total S$'000
Company				
Balance at January 1, 2014	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
Profit for the year, representing total comprehensive income for the year	–	–	4,719	4,719
Transactions with owners, recognised directly in equity				
Transfer from options reserve to retained earnings on cancellation / lapse of share options	–	(201)	201	–
Balance at December 31, 2015	72,579	51	23,410	96,040

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2015

	Group	
	2015	2014
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	8,571	921
Adjustments for:		
Depreciation expense	448	474
Interest income from loans receivables and dividend income from unquoted investments	(11,102)	(5,799)
Interest expense	4,631	5,239
Interest income	(1,197)	(1,403)
Loss on disposal of property, plant and equipment	–	4
Loss (Gain) on exercise of derivative financial instrument	356	(837)
Valuation gains on investment properties, net	(9,915)	(2,906)
Unrealised loss (gain) on outstanding derivative financial instrument	392	(401)
Net unrealised foreign exchange loss (gain)	564	(136)
Impairment loss on available-for-sale investments	–	4
Provision for employee benefits	232	238
Allowance for inventories	1,794	576
Allowance for doubtful trade receivables	328	316
Allowance for doubtful other receivables	116	48
Operating cash flows before movements in working capital	(4,782)	(3,662)
Trade receivables	558	13,797
Other receivables and prepayments	4,018	17,657
Inventories	1,375	6,706
Trade payables	(1,956)	(12,789)
Other payables and provisions	(706)	2,601
Cash (used in) generated from operations	(1,493)	24,310
Income tax paid	(113)	(177)
Interest paid	(4,041)	(4,681)
Interest received	661	2,283
Net cash (used in) from operating activities	(4,986)	21,735

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2015

	Group	
	2015	2014
	S$'000	S$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(215)	(236)
Proceeds from disposal of property, plant and equipment	55	1
Proceeds from disposal of available-for-sale investments	2	–
Repayment of loans receivable – current and non-current	17,525	15,770
Additions to loans receivable – current and non-current	(14,280)	(23,822)
Purchase of available-for-sale investment	–	(12,120)
Acquisition of derivative financial instruments	(1,159)	(124)
Proceeds from exercise of derivative financial instruments	85	968
Net cash from (used in) investing activities	2,013	(19,563)
FINANCING ACTIVITIES		
Cash contributions from non-controlling shareholders in subsidiary corporations	2	6,135
Dividend paid to non-controlling shareholders	–	(4,019)
Dividend paid	–	(2,617)
Decrease (Increase) in fixed deposits with maturities exceeding three months	4,362	(3,704)
Decrease in pledged fixed deposits	130	2,558
Increase (Decrease) in bills payable and trust receipts	6,356	(6,023)
Loans from banks	5,515	9,778
Repayments of bank loans	(21,187)	(16,100)
Net cash used in financing activities	(4,822)	(13,992)
Net decrease in cash and cash equivalents	(7,795)	(11,820)
Cash and cash equivalents at beginning of year (Note 7)	13,497	25,933
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(159)	(616)
Cash and cash equivalents at end of year (Note 7)	5,543	13,497

See accompanying notes to financial statements.

1 GENERAL

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 21, 2016.

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 consolidated financial statements is determined on such a basis, except for *share-based payment* transactions that are within the scope of FRS 102 Share-based Payment, 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, 2015, 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 significant 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following new/revised 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*

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial 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) general hedge accounting and (iii) 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 be 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.

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 will apply for annual periods beginning on or after January 1, 2018.

Management anticipates that the initial application of the new FRS 109 will result in additional disclosures to be made with respect to judgement and estimates made around expected credit loss and the Group's credit risk management activities. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

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.

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. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will apply for annual periods beginning on or after January 1, 2018.

Management anticipates that the initial application of FRS 115 will result in additional disclosures with regards to their assessment of when control has been transferred and recognition of revenue. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amendments will apply for annual periods beginning on or after January 1, 2016.

Management anticipates that the initial application of amendments to FRS 1 will result in changes to presentation of the notes to the financial statements. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

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 subsidiary corporations. Control is achieved when the Company:

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary corporation, 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 corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (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 corporation 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 subsidiary corporations are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

<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 are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 effect of discounting 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 (2014 : 14 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 except for short-term payables when the effect of discounting would be immaterial.

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 investments 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Offsetting arrangements

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

LEASES - 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.

NON-CURRENT ASSETS HELD FOR SALE – Non-current assets 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.

Non-current assets comprising of properties and classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Non-current assets comprising of investment properties are stated at fair value.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rendering of services

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

Management fees

Management fee income is recognised on an accrual basis.

Rental income

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

Interest income

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

Dividend income

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiary corporations, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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 that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

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

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

Note 14 describes that TJP is a subsidiary corporation 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 carrying amounts of assets and liabilities 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)

Impairment of investments in subsidiary corporations

Determining whether investments in subsidiary corporations are impaired requires an estimation of the recoverable amount of the investment in subsidiary corporations as at the end of the reporting period. Management has estimated the recoverable amount based on the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiary corporations which has been stated net of an impairment loss of S$111,095,000 (2014 : S$120,095,000). The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiary corporations. The carrying amounts of the Company's investments in subsidiary corporations are disclosed in Note 14.

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$34,667,000 and S$62,391,000 (2014 : S$7,457,000 and S$80,638,000) respectively (Notes 13 and 12 respectively) 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$9,706,000 (2014 : S$8,810,000).

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	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Loans and receivables (including cash and bank balances)	88,392	91,530	200	220
Derivative instruments not designated in hedge accounting relationships	767	401	–	–
Available-for-sale investments	17,088	12,633	–	–
Financial liabilities				
Amortised cost	107,937	118,397	68,560	29,641

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

(b) Financial risk management policies and objectives

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

There has been no significiant change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables, other receivables and 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.

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

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

(i) Credit risk management (cont'd)

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 32% (2014 : 44%) 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, 2015, the Group holds security cheques and deposits from customers representing approximately 6% (2014 : 8%) of the above concentration risk.

(ii) Interest rate risk management

The primary source of the Group's interest rate risk relates to interest-bearing bank deposits and its borrowings from banks and a financial institution. 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, 2015 of the Group would decrease/increase by S$287,000 (2014 : S$337,000).

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 subsidiary corporations, including the United States dollar, Hong Kong dollar, Japanese Yen and Australian dollar. The Group is therefore exposed to foreign exchange risk. Foreign exchange exposures are monitored by management on an ongoing basis. Foreign currencies received are kept in foreign currency accounts and are converted to the respective functional currencies of the Group companies on an as-needed basis so as to manage the foreign exchange exposure.

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

Management enters into foreign exchange options to manage foreign exchange rate risk. The Group's commitments on such options are disclosed in Note 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: Recognition and Measurement.

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

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, excluding monetary items treated as part of net investment in a foreign operation, denominated in significant currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollar	13,259	16,272	31,445	12,563	17	16	–	–
Hong Kong dollar	23	33	2,678	6,835	16	11	65,883	27,863
Japanese yen	20	–	2,157	656	1,496	1,397	1,490	1,397
Australian dollar	2,546	1,394	1,041	–	469	16	8	–

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	
	2015	2014	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	1,792	(361)	266	682	208	63	(147)	(134)
Other equity	27	(10)	–	(2)	7	3	(3)	(6)
Company								
Profit for the year	(2)	(2)	6,587	2,785	(1)	–	(46)	(2)

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)

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	
	2015	2014	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Profit for the year	(1,792)	361	(266)	(682)	(208)	(63)	147	134
Other equity	(27)	10	–	2	(7)	(3)	3	6
Company								
Profit for the year	2	2	(6,587)	(2,785)	1	–	46	2

The Group's sensitivity to foreign currencies have increased in relation to the United States dollar during the current year mainly due to the increase in purchases denominated in United States dollars which resulted in higher United States dollar denominated payables.

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

The Group's foreign currency sensitivity in relation to the Japanese yen increased due to higher purchases from Japan during the year.

The Company's foreign currency sensitivity in relation to the Hong Kong dollar increased due to higher Hong Kong dollar denominated intercompany payables at the end of the year.

(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.

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)

	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						
2015						
Non-interest bearing	–	15,203	–	–	–	15,203
Variable interest rate instruments	3.48	36,135	25,439	–	(4,009)	57,565
Fixed interest rate instruments	5.38	31,853	5,208	–	(1,892)	35,169
		83,191	30,647	–	(5,901)	107,937
2014						
Non-interest bearing	–	17,982	–	–	–	17,982
Variable interest rate instruments	4.02	37,176	31,401	4,073	(5,388)	67,262
Fixed interest rate instruments	6.34	30,500	4,756	–	(2,103)	33,153
		85,658	36,157	4,073	(7,491)	118,397
Company						
2015						
Non-interest bearing	–	380	66,695	–	–	67,075
Fixed interest rate instruments	2.00	30	1,569	–	(114)	1,485
		410	68,264	–	(114)	68,560
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

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)

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 35, if the full outstanding guaranteed amount is claimed by the counterparty to the guarantee, is S$26,007,000 (2014 : S$18,538,000). The earliest period that the guarantee could be called is within 1 year (2014 : 1 year) from the end of the reporting period. The Company considers that it is more likely that no amount will be payable under the arrangement.

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.

Group	On demand or within 1 year	Within 2 to 5 years	After 5 years
	S$'000	S$'000	S$'000
2015			
Net settled:			
Foreign exchange option	–	767	–
2014			
Net settled:			
Foreign exchange option	401	–	–

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

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:

Group	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
2015				
Available-for-sale investments:				
Unquoted investment	17,087	–	–	17,087
Club debenture	1	–	–	1
Derivative financial instrument	767	–	767	–
2014				
Available-for-sale investments:				
Unquoted investment	12,630	–	–	12,630
Club debenture	3	–	–	3
Derivative financial instrument	401	–	401	–

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.

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, 2014	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
Disposals	(2)
Other comprehensive income	2,886
Translation adjustment	1,571
As at December 31, 2015	17,088

Company

The Company had no financial assets or liabilities carried at fair value in 2015 and 2014.

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

(vi) Equity price risk management

The Group is exposed to equity risks arising from 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.

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$1,133,000 (2014 : S$302,000) respectively. The Group's net profit for the year ended December 31, 2015 would have been unaffected as the equity investments are classified as available-for-sale and no significant investments were disposed of or impaired.

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, 2015, the Group's gearing ratio is 0.96 (2014 : 1.03).

Two direct subsidiary corporations of the Company are required to maintain a minimum net worth level in order to comply with a covenant for trade finance facilities from banks. One of the subsidiary corporations 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. Both subsidiary corporations are in compliance with externally imposed capital requirements for the years ended December 31, 2015 and 2014.

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 2014.

5 RELATED COMPANY TRANSACTIONS

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

Transactions between the Company and its subsidiary corporations, 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 with 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:

	2015		2014	
	The Company	Subsidiary corporations of the Company	The Company	Subsidiary corporations of the Company
	S$'000	S$'000	S$'000	S$'000
Sales, net of returns	–	1,888	–	2,263
Purchases, net of returns	–	(46,666)	–	(11,557)
Service fees paid	–	(1,352)	–	(559)
Commission paid	–	(40)	–	(116)
Commission income	–	–	–	9
Lease payments under operating lease	(79)	(269)	(79)	(201)

The Group also has an operating lease commitment of up to S$35,000 (2014 : S$119,000) to its related party.

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

Compensation of directors and key management personnel

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

	Group	
	2015	2014
	S$'000	S$'000
Short–term benefits	4,493	4,204
Post–employment benefits	14	12
	4,507	4,216

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	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	64	4,324	–	–
Pledged fixed deposits	5,002	1,385	–	–
Cash and bank balances	5,543	13,497	186	194
Current	10,609	19,206	186	194
Pledged fixed deposits	18,949	22,130	–	–
Non–current	18,949	22,130	–	–
Total	29,558	41,336	186	194
Less:				
Fixed deposits with maturities exceeding three months	(64)	(4,324)	–	–
Fixed deposits that have been placed with banks against bills payables, trust receipts and overdrafts	(1,245)	(1,385)	–	–
Fixed deposits that have been pledged to banks as security for bank loans	(22,706)	(22,130)	–	–
Cash and cash equivalents	5,543	13,497	186	194

Fixed deposits bear interest at an average effective interest rate of 4.62% (2014 : 4.12%) per annum and for a weighted average tenure of approximately 1,052 days (2014 : 1,056 days).

8 TRADE RECEIVABLES

	Group	
	2015	2014
	S$'000	S$'000
Trade receivables from external parties	12,733	17,256
Allowances for doubtful trade receivables	(880)	(4,930)
Total trade receivables, net of allowances	11,853	12,326
Trade receivables from related party (Note 6)	450	299
	12,303	12,625

8 TRADE RECEIVABLES (cont'd)

Movements in allowances for doubtful trade receivables were as follows:

	Group	
	2015	2014
	S$'000	S$'000
Balance at beginning of year	4,930	4,545
Translation adjustment	164	164
Increase in allowance recognised in profit or loss	328	316
Amounts written–off	(4,542)	(95)
Balance at end of year	880	4,930

The average credit period on sale of goods is 14 days (2014 : 14 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$880,000 (2014 : S$4,930,000). 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$3,246,000 (2014 : S$4,056,000) 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	
		2015	2014
		S$'000	S$'000
(i)	Aging of receivables that are past due but not impaired		
	Less than 3 months	2,212	2,228
	3 months to 6 months	439	1,036
	More than 6 months	595	792
	Total	3,246	4,056

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Advances to suppliers	1,420	7,160	–	–
Allowances for doubtful other receivables	(214)	(91)	–	–
Total advances to suppliers, net of allowances	1,206	7,069	–	–
Deposits	1,572	418	14	14
VAT/Tax recoverable	610	315	–	9
Prepayments	373	485	32	34
Interest receivable	1,820	1,257	–	–
Dividend receivable	1,076	–	–	–
Related parties (Note 6)	419	–	–	–
Others	1,214	870	–	3
Total	8,290	10,414	46	60
Less: Non–current other receivables and prepayments	(1,492)	(813)	–	–
Classified as current other receivables and prepayments	6,798	9,601	46	60

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	
	2015	2014
	S$'000	S$'000
Balance at beginning of year	91	65
Translation adjustment	7	3
Increase in allowance recognised in profit or loss	116	48
Amounts written–off	–	(25)
Balance at end of year	214	91

In 2014, an amount of S$63,000 included in advances to suppliers related to amounts paid to related parties for the supply of goods.

10 INVENTORIES

	Group	
	2015	2014
	S$'000	S$'000
Finished goods and goods for resale	25,667	27,702
Work–in–progress	–	1
Raw materials	–	1
	25,667	27,704

The cost of inventories recognised as an expense includes a charge of S$1,794,000 (2014 : S$576,000) in respect of allowance for inventories to net realisable value.

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$'000	S$'000
Group						
Cost:						
At January 1, 2014	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
Translation adjustments	73	288	56	59	27	503
Transfer to assets held for sale (Note 13)	–	(3,859)	–	–	–	(3,859)
Additions	–	–	34	147	34	215
Disposals	–	–	(130)	(93)	(20)	(243)
At December 31, 2015	1,178	497	2,657	1,187	949	6,468
Accumulated depreciation:						
At January 1, 2014	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
Translation adjustments	7	35	48	48	19	157
Depreciation	9	58	55	129	197	448
Transfer to assets held for sale (Note 13)	–	(411)	–	–	–	(411)
Disposals	–	–	(88)	(79)	(20)	(187)
At December 31, 2015	114	156	2,114	928	762	4,074
Impairment:						
At January 1, 2014	–	165	359	–	–	524
Translation adjustments	–	8	8	–	–	16
At December 31, 2014	–	173	367	–	–	540
Translation adjustments	–	12	9	–	–	21
At December 31, 2015	–	185	376	–	–	561
Carrying amount:						
At December 31, 2015	1,064	156	167	259	187	1,833
At December 31, 2014	1,007	3,421	231	244	342	5,245

Freehold land and building includes the cost of freehold land of JPY67.1 million (S$791,000) (2014 : JPY67.1 million (S$742,000)), which is not subject to depreciation.

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at December 31, 2015, the Group has pledged leasehold land and buildings having a carrying amount of approximately S$3,448,000 (2014 : S$3,270,000) to secure banking facilities granted to the Group. This asset was transferred to assets held for sale (Note 13) during the year.

	Plant and equipment	Leasehold improvements, furniture and fixtures	Total
	S$'000	S$'000	S$'000
Company			
Cost:			
At January 1, 2014	2	119	121
Additions	–	1	1
At December 31, 2014	2	120	122
Disposals	–	(1)	(1)
At December 31, 2015	2	119	121
Accumulated depreciation:			
At January 1, 2014	2	98	100
Depreciation	–	6	6
At December 31, 2014	2	104	106
Depreciation	–	6	6
Disposals	–	(1)	(1)
At December 31, 2015	2	109	111
Carrying amount:			
At December 31, 2015	–	10	10
At December 31, 2014	–	16	16

12 INVESTMENT PROPERTIES

	Group 2015	2014
	S$'000	S$'000
Freehold land and buildings:		
Australia	59,856	55,943
Leasehold land and buildings:		
People's Republic of China ("PRC") including Hong Kong	2,535	24,695
	62,391	80,638

12 INVESTMENT PROPERTIES (cont'd)

Movements in investment properties were as follows:

	Group	
	2015	2014
	S$'000	S$'000
Balance at beginning of year	80,638	86,612
Valuation gains for the year recognised in profit or loss, net	9,915	2,906
Transfer from assets held for sale (Note 13)	7,457	–
Transfer to assets held for sale (Note 13)	(34,667)	(7,457)
Translation adjustment	(952)	(1,423)
Balance at end of year	62,391	80,638

During the year, the Group recognised valuation gains on investment properties amounting to S$9,915,000 (2014 : S$2,906,000) in profit or loss.

The property rental income from the Group's investment properties (including assets held for sale) leased out under operating leases amounted to S$7,472,000 (2014 : S$7,150,000). Direct operating expenses (including repairs and maintenance) arising from the properties that generated rental income during the year amounted to S$400,000 (2014 : S$328,000).

As at December 31, 2015, the Group has pledged investment properties having a carrying amount of approximately S$34,667,000 (2014 : S$22,394,000) and the rental proceeds generated from the investment properties to secure banking facilities granted to the Group. In 2015, the investment properties of S$34,667,000 were transferred to assets held for sale.

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	30 years till January 23, 2045
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	52 years till January 5, 2067
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A

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, 2015 and 2014 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.

12 INVESTMENT PROPERTIES (cont'd)

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

Description	Fair value as at December 31, 2015	Fair value as at December 31, 2014	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Office properties	1,570	1,377	Direct comparison approach	Price per square meter [1]	S$4,359 – S$4,395 (2014 : S$3,837 – S$3,838)
Warehouse Properties *	–	22,394	Direct comparison approach	Price per square meter [1]	– (2014 : S$3,247 – S$3,375)
Residential properties	965	924	Direct comparison approach	Price per square meter [1]	S$1,093 – S$1,094 (2014 : S$1,046 – S$1,049)

* Transferred to assets held for sale (Note 13) in 2015.

(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.

<u>Fair value measurement of the Group's investment properties in Australia</u>

The fair values of the Group's investment properties at December 31, 2015 and 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 2015 (2014 : 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.

Description	Fair value as at December 31,2015	Fair value as at December 31,2014	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Residential properties	59,856	55,943	Discounted cash flows	Selling prices per unit [1]	S$564,753 – S$629,364 (2014 : S$618,122 – S$635,429)
				Discount rates [2]	7% (2014 : 6.41% – 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.

13 ASSETS HELD FOR SALE

	Group	
	2015	2014
	S$'000	S$'000
Properties (Note 11)	3,448	–
Investment properties (Note 12)	34,667	7,457
	38,115	7,457

During the year, the management resolved to dispose of the warehouse properties in Hong Kong. Negotiations with interested parties are taking place. Accordingly, these properties and investment properties, with carrying amount of S$3,448,000 and S$34,667,000 respectively, 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 properties and investment properties and, accordingly, no fair value loss has been recognised on the classification of these assets as held for sale.

During the year, the management has decided to retain the investment properties in Australia that were classified as held for sale in 2014, for the ongoing rental income and fees rather than disposing of them at the present time. The mortgagee bank agreed to the removal of sale covenants from the terms of the loan facility in return for an accelerated one–off prepayment of the loan, which was made at the end of 2015. The relevant properties with carrying amount of S$7,457,000 are accordingly reclassified to investment properties in Note 12.

<u>Fair value measurement of the Group's investment properties held for sale in Australia</u>

The fair values of the Group's investment properties held for sale in Australia at December 31, 2014 had 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 was 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.

Description	Fair value as at December 31,2015	Fair value as at December 31,2014	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Residential Properties *	–	7,457	Discounted cash flows	Selling prices per unit [(1)]	– (2014 : S$635,429)
				Discount rates [(2)]	– (2014 : 8.20%)

13 ASSETS HELD FOR SALE (cont'd)

(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.

* Transferred to investment properties (Note 12) in 2015.

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

The fair values of the Group's investment properties held for sale in Hong Kong at December 31, 2015 have been determined on the basis of valuations carried out at year end 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.

Description	Fair value as at December 31,2015	Fair value as at December 31,2014	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000			
Warehouse Properties *	34,667	–	Direct comparison approach	Price per square meter per unit (3)	S$5,026 – S$5,226

(3) 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.

* Transferred from properties and investment properties in 2015.

14 SUBSIDIARY CORPORATIONS

	Company	
	2015	2014
	S$'000	S$'000
Unquoted equity shares, at cost	273,522	238,854
Amounts owing by subsidiary corporations (non–trade)	1,983	1,979
Less: impairment loss	(111,095)	(120,095)
	164,410	120,738
Amount owing to subsidiary corporations (non–trade)	(68,180)	(29,273)

14 SUBSIDIARY CORPORATIONS (cont'd)

Movements in impairment loss for investments in subsidiary corporations and allowance for amounts owing by subsidiary corporations were as follows:

	Company	
	2015	2014
	S$'000	S$'000
Balance at beginning of year	120,095	117,820
(Reversal of) Impairment loss for investment in subsidiary corporations	(9,000)	2,275
Balance at end of year	111,095	120,095

Management reversed an impairment loss of S$9,000,000 (2014 : recorded additional impairment loss of S$2,275,000) for certain subsidiary corporations based on an assessment of their recoverable values, which is fair value less costs to sell. This reversal occurred mainly as a result of the uplift in net asset values of certain subsidiary corporations following the strengthening of the currencies in which their net assets are denominated.

Amounts owing by subsidiary corporations (non–trade) include a loan of S$1,485,000 (2014 : S$1,393,000) which bears interest at 2.25% (2014 : 2.25%) per annum and is denominated in Japanese Yen. The remaining amounts are interest–free and mainly denominated in Australian dollars.

Amounts owing to subsidiary corporations (non–trade) include a loan of S$1,485,000 (2014 : S$1,393,000) which bears interest at 2% (2014 : 2%) per annum and is denominated in Japanese Yen. The remaining amounts are interest–free and mainly denominated in Hong Kong dollars.

Management has estimated that the fair values of the non-current amounts owing to subsidiary corporations approximate their carrying values.

The principal subsidiary corporations of the Company and the Group are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2015	2014	2015	2014	
		S$'000	S$'000	%	%	
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	Singapore	5,716	1,660	100	100	Trading in lifestyle products and accessories
Thakral Capital Holdings Pte Ltd (b)	Singapore	30,612	#	75	100	Investment holding
Thakral China Ltd (1)	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

14 SUBSIDIARY CORPORATIONS (cont'd)

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company		Effective equity interest held by the Group		Principal activities
		2015	2014	2015	2014	
		S$'000	S$'000	%	%	
TCAP Pte Ltd [b]	Singapore	*	*	75	51	Investment holding
Thakral Capital Investments Ltd [3] [b]	Hong Kong	*	*	75	100	Investment holding
Thakral Capital Australia Pty Ltd [1] [b]	Australia	*	*	75	51	Origination, execution, and management of investment opportunities
LNG Trust [1] [b]	Australia	*	*	75	100	Property development
LNG Trust No. 2 [1] [b]	Australia	*	*	75	100	Property development
Thakral Japan Properties Pte Ltd [a]	Singapore	*	*	49.9	49.9	Investment holding

* Held by subsidiary corporations
# Cost less than S$1,000

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

(1) Audited by other member firms of Deloitte Touche Tohmatsu Limited for purposes of consolidation in 2015

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

(3) Audited by Moore Stephens, Hong Kong

(a) 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 on the shareholding structure of TJP as to whether or not the Group has control over TJP in accordance with the 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 corporation of the Group.

14 SUBSIDIARY CORPORATIONS (cont'd)

(b) On January 29, 2015, the Company and its wholly–owned subsidiary corporation, 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) purchased and each of the Vendors sold their respective portions of the issued and paid–up share capital of TCAP Pte Ltd ("TCAP" and together with its subsidiary corporations, the "TCAP Group") (amounting to an aggregate of 49% of the issued and paid–up capital of TCAP), on the terms and conditions of the Share Sale Agreement (the "Acquisition").

In consideration for the Acquisition, TCH allotted and issued an aggregate of 250,000 new ordinary shares or 25% in the capital of TCH (the "Consideration Shares") at an issue price of S$70 per Consideration Share to the Vendors during the year, of which 50,000 Consideration Shares (the "Escrowed Shares") are 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 December 31, 2017.

For accounting purposes, the Acquisition represents a reorganisation of shareholdings in the subsidiary corporations under common control and based on valuation of the transaction. As a result of accounting for this arrangement, the Group recorded a negative capital reserve of S$9,207,000 during the year (Note 25).

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Country of incorporation and operation	Number of wholly–owned subsidiary corporations	
		2015	2014
Investments	Singapore	–	1
	Australia	–	4
	Hong Kong	3	6
	British Virgin Islands	–	1
Trading in lifestyle products and accessories	Singapore	1	1
	China	8	8
	Hong Kong	4	5
	British Virgin Islands	1	1
	Japan	1	1
	Mauritius	1	1
	India	1	1
	Mongolia	–	1
Others	Hong Kong	2	3
		22	34

14 SUBSIDIARY CORPORATIONS (cont'd)

Principal activity	Country of incorporation and operation	Number of non wholly–owned subsidiary corporations	
		2015	2014
Investments	Singapore	3	2
	Australia	22	9
	Hong Kong	4	1
	British Virgin Islands	1	–
Trading in lifestyle products and accessories	Timor–Leste	1	1
		31	13

The table below shows details of non–wholly owned subsidiary corporations of the group that have material non–controlling interests:

Name of subsidiary corporation	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non–controlling interests		Profit (loss) allocated to non–controlling interests		Accumulated non–controlling interests	
		2015	2014	2015	2014	2015	2014
		%	%	S$'000	S$'000	S$'000	S$'000
Thakral Japan Properties Pte Ltd	Singapore	50.1	50.1	5	613	8,894	6,984
Thakral Capital Holdings Pte Ltd and its subsidiary corporations	Singapore	25	–	2,540	–	12,270	–
TCAP Pte Ltd and its subsidiary corporations	Singapore	–	49	–	285	–	1,010
Total				2,545	898	21,164	7,994

14 SUBSIDIARY CORPORATIONS (cont'd)

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

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TCAP Pte Ltd and its subsidiary corporations	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Current assets	1,115	2,259	16,450	–	–	4,959
Non–current assets	17,854	12,630	87,959	–	–	23
Current liabilities	(412)	(889)	(17,660)	–	–	(2,920)
Non–current liabilities	(807)	(63)	(37,669)	–	–	–
Equity attributable to owners of the Company	8,856	6,953	36,810	–	–	1,052
Non–controlling interests	8,894	6,984	12,270	–	–	1,010
Revenue	1,038	–	22,129	–	–	11,571
Net other (expenses) income	(1,028)	1,223	(11,970)	–	–	(10,990)
Profit for the year	10	1,223	10,159	–	–	581
Profit attributable to owners of the Company	5	610	7,619	–	–	296
Profit attributable to the non–controlling interests	5	613	2,540	–	–	285
Profit for the year	10	1,223	10,159	–	–	581
Other comprehensive income (loss) attributable to owners of the Company	1,897	234	(1,461)	–	–	(46)
Other comprehensive income (loss) attributable to the non–controlling interests	1,905	235	(487)	–	–	(44)
Other comprehensive income (loss) for the year	3,802	469	(1,948)	–	–	(90)

14 SUBSIDIARY CORPORATIONS (cont'd)

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TCAP Pte Ltd and its subsidiary corporations	
	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Total comprehensive income attributable to owners of the Company	1,902	844	6,158	–	–	250
Total comprehensive income attributable to the non–controlling interests	1,910	848	2,053	–	–	241
Total comprehensive income for the year	3,812	1,692	8,211	–	–	491
Dividends paid to non–controlling interests	–	–	–	–	–	(276)
Net cash (outflow) inflow from operating activities	(2,029)	1,732	(1,977)	–	–	(1,091)
Net cash inflow (outflow) from investing activities	88	(12,323)	3,242	–	–	–
Net cash inflow (outflow) from financing activities	–	12,449	(7,388)	–	–	–
Net cash (outflow) inflow	(1,941)	1,858	(6,123)	–	–	(1,091)

Financial support

At the end of the reporting period, the Company has agreed to provide financial support to certain subsidiary corporations that have a net current liability position of S$7 million (2014 : S$21 million), mainly for working capital purposes.

15 LOANS RECEIVABLE

	Group	
	2015	2014
	S$'000	S$'000
Loans receivable – non–current, at amortised cost	28,087	19,009
Loans receivable – current, at amortised cost	11,733	15,643
	39,820	34,652

The loans receivable, denominated in Australian dollars, are secured by, inter alia, first or second mortgages over the land of the projects as well as first or second mortgages and debentures over the borrower and other project related entities. The effective interest rate of the loans receivable is 30% (2014 : 24%) 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 39% (2014 : 24%) 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 third parties for development projects to fund the construction of apartments in Australia. The effective interest rate comprises of internal rate of return of 22% (2014 : 25%) 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 has been made in respect of these receivables

16 DERIVATIVE FINANCIAL INSTRUMENT

The Group uses foreign exchange options to manage its exposure to foreign exchange rates on the capital invested in its available–for–sale investment.

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

Outstanding contract	Contractual exchange rate	Foreign currency	Contract value	Fair value	
				2015	2014
		US$'000	JPY'000	$'000	$'000
2014					
USD call JPY put (less than 3 months)	116.25 JPY/USD	10,000	1,162,500	–	401
2015					
USD call JPY put (5 years)	117.55 JPY/USD	11,000	1,293,050	767	–
				767	401

16 DERIVATIVE FINANCIAL INSTRUMENT (cont'd)

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

Description	Fair value as at December 31, 2015	Fair value as at December 31, 2014	Fair Value Hierarchy	Valuation technique	Significant unobservable input(s)
	S$'000	S$'000			
Option contract	767	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	
	2015	2014
	S$'000	S$'000
At fair value:		
Unquoted investment	17,087	12,630
Club debenture	1	25
Allowance for impairment in value	–	(22)
	1	3
Total	17,088	12,633

Description	Fair value as at December 31, 2015	Fair value as at December 31, 2014	Fair Value Hierarchy	Valuation technique(s)	Significant unobservable input (s)	Range
	$'000	$'000				
Unquoted investment	17,087	12,630	Level 3	See Note (a) below	See Note (a) below	$3,747 – S$3,891 (2014 : 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 the end of the reporting period. 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.

18 TRADE PAYABLES

	Group	
	2015	2014
	S$'000	S$'000
Outside parties	5,620	3,651
Due to related parties (Note 6)	638	4,262
	6,258	7,913

The average credit period on purchases of goods is 9 days (2014 : 11 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 guarantees by the Company.

The average effective interest rates paid are as follows:

	Group	
	2015	2014
	%	%
Trust receipts and bill payables	2.86	3.14

20 LOANS FROM BANKS AND A FINANCIAL INSTITUTION

	Group	
	2015	2014
	S$'000	S$'000
Loan from a financial institution	4,566	4,170
Bank loans	67,827	83,272
	72,393	87,442
Less: Amount due for settlement within 12 months (shown under current liabilities)	(44,104)	(50,691)
Amount due for settlement after 12 months	28,289	36,751

Loan from a financial institution

The loan from a financial institution of S$4,566,000 (2014 : S$4,170,000) is arranged at fixed interest rate of 14.06% (2014 : 14.06%) per annum. This loan was advanced on March 20, 2013 and is due for repayment on September 1, 2018 upon maturity. The loan amount is unsecured.

20 LOANS FROM BANKS AND A FINANCIAL INSTITUTION (cont'd)

Bank loans (secured)

The Group's bank loans include a 10–year mortgage loan of S$5,666,000 (2014 : S$5,604,000), which is required to be repaid by monthly instalments and a final payment in 2020 as per the agreement with the bank. In view of the Group's intention to dispose of the underlying properties securing this loan, this would result in early settlement of the loan and the non–current portion of this loan was therefore reclassified to current liabilities during the year.

Certain bank loans amounting to S$26,542,000 (2014 : S$26,280,000) 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$31,042,000 (2014 : S$40,982,000) which is secured by, inter alia, mortgages over the land owned by certain Australian subsidiary corporations, general fixed and floating charges over the assets of these subsidiary corporations as well as the subsidiary corporations that lease the residential properties to the lessees.

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

	Group	
	2015	2014
	%	%
Loans from a financial institution	14.06	14.06
Bank loans	3.94	4.58

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.

21 OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Accruals	5,783	2,546	378	368
Advances from customers	6,272	5,461	–	–
VAT payable	2,357	2,254	2	–
Sundry creditors	795	1,741	–	–
Loan receivable monies received on behalf of co–investors	–	3,334	–	–
Others	10	194	–	–
	15,217	15,530	380	368

Included in sundry creditors is an amount of S$126,000 (2014 : S$242,000) due to related parties (Note 6) for the reimbursement of expenses paid on behalf of the Group.

22 PROVISIONS

	Employee long service payment
	S$'000
Group	
As at January 1, 2014	3,630
Translation adjustment	146
Provisions for the year	238
Utilisation	(973)
As at December 31, 2014	3,041
Translation adjustment	152
Provisions for the year	232
Utilisation	(336)
As at December 31, 2015	3,089

	Employee long service payment
	S$'000
Company	
As at January 1, 2014	39
Provision for the year	7
As at December 31, 2014	46
Provision for the year	6
As at December 31, 2015	52

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

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 fair value gain on available-for-sale investments and revaluation gains on investment properties:

	Group	
	2015	2014
	S$'000	S$'000
Balance as at beginning of year	429	383
Translation adjustment	33	(9)
Charge to other comprehensive income for the year	714	68
Credit to profit or loss for the year (Note 30)	(141)	(13)
Balance as at end of year	1,035	429

24 ISSUED CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid				
At beginning of year	2,617,213,668	2,617,213,668	72,579	72,579
Reduction in number of shares upon share–consolidation	(2,486,353,052)	–	–	–
At end of year	130,860,616	2,617,213,668	72,579	72,579

The Company completed the consolidation of its ordinary shares on a 20:1 basis on May 11, 2015.

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 capital reserve arose upon the reorganisation of shareholdings in the subsidiary corporations under common control. Further information about the reorganisation is set out in Note 14.

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 subsidiary corporations into Singapore dollars are brought into account by entries made directly to the foreign currency translation reserve.

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, after adjusting for the consolidation of shares as elaborated in Note 24, are as follows:

	Group and Company			
	2015		2014	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of the year	270,750	1.25	533,125	1.61
Cancelled or lapsed during the year	(200,750)	1.37	(262,375)	1.98
Outstanding at end of the year	70,000	0.90	270,750	1.25
Exercisable at end of the year	70,000	0.90	270,750	1.25

Options are exercisable at prices specified at the time of the grant. The Compensation 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 2015 and 2014.

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.67 year (2014 : 0.7 year) and have exercise prices ranging from S$0.8 to S$1.0 (2014 : S$0.8 to S$1.4 as adjusted for the consolidation of shares for comparison purposes).

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

27 REVENUE

	Group	
	2015	2014
	S$'000	S$'000
Product sales	307,333	482,709
Interest income from loans receivable	10,064	5,799
Dividend income from unquoted investment	1,038	–
Management fee and other service income	5,419	4,199
Rental income (Notes 12 and 36)	7,472	7,150
	331,326	499,857

28 OTHER OPERATING INCOME

	Group	
	2015	2014
	S$'000	S$'000
Gain on exercise of derivative financial instrument	–	837
Unrealised gain on outstanding derivative financial instrument	–	401
Others	297	275
	297	1,513

29 FINANCE COSTS

	Group	
	2015	2014
	S$'000	S$'000
Interest expense to non–related parties	4,631	5,239

30 INCOME TAX

	Group	
	2015	2014
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of current year	29	88
Underprovision in prior years	50	3
Deferred tax:		
Amount reversed for taxation in respect of deferred tax liabilities in current year (Note 23)	(141)	(13)
Income tax (credit) expense for the year	(62)	78

30 INCOME TAX (cont'd)

The income tax is calculated at 17% (2014 : 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	
	2015	2014
	S$'000	S$'000
Profit before tax	8,571	921
Income tax charge at statutory rate of 17%	1,457	157
Tax effect of:		
Expenses that are not deductible in determining taxable profit	2,088	1,042
Income that is not taxable in determining taxable profit	(4,813)	(2,868)
Current year's tax losses not recognised	1,390	1,777
Different tax rates of the subsidiary corporations operating in other jurisdictions	(113)	175
Tax effect on utilisation of deferred tax benefits previously not recognised	(121)	(208)
Underprovision of tax in respect of prior years	50	3
Total income tax (credit) expense for the year	(62)	78

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

	Group	
	2015	2014
	S$'000	S$'000
Amount at beginning of year	217,641	205,355
Tax losses expired during the year	(776)	(777)
Amount in current year	8,089	10,724
Translation adjustment	16,241	2,509
Adjustment for prior years after finalisation	95	426
Amount utilised in current year	(732)	(596)
Amount at end of year	240,558	217,641
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	42,424	38,240

30 INCOME TAX (cont'd)

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

	Group	
	2015	2014
	S$'000	S$'000
Amount at beginning of year	1,384	1,488
Amount in current year	123	59
Amount utilised in current year	(175)	(163)
Amount at end of year	1,332	1,384
Deferred tax benefit on above not recorded	226	235

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

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is S$0.51 million (2014 : S$0.55 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	
	2015	2014
	S$'000	S$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	2,447	2,221
of subsidiary corporations	1,667	1,630
Total directors' remuneration	4,114	3,851
Cost of inventories recognised as expense	295,831	474,071
Audit fees:		
Paid to auditors of the Company		
Current year	222	221
Paid to other auditors		
Current year	285	274
Overprovision in prior year	(2)	(29)
Non–audit fees paid to auditors:		
Auditors of the Company	18	18
Other auditors	13	14
Loss on disposal of property, plant and equipment	–	4
Allowance for inventories recognised in cost of sales	1,794	576
Loss (Gain) on derivative financial instruments – net	748	(1,238)
Foreign currency exchange adjustment loss	500	367
Impairment loss on financial assets:		
Allowance for doubtful trade receivables	328	316
Allowance for doubtful other receivables	116	48
Impairment loss on available–for–sale investments	–	4
Total impairment loss on financial assets recognised in administrative expenses	444	368
Depreciation of property, plant and equipment	448	474
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	1,026	1,028
Other	15,184	12,739
Total employee benefits expense	16,210	13,767

32 DIVIDENDS

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 EARNINGS (LOSS) PER SHARE (CENTS)

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

	2015	2014
	Cents	Cents
Basic earnings (loss) per share	4.65	(0.09)
Diluted earnings (loss) per share	4.65	(0.09)
Weighted average number of ordinary shares	130,860,616	130,860,616[1]

(1) Weighted average number of ordinary shares is presented after adjusting for the consolidation of shares as disclosed in Note 24.

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

	2015	2014
	S$'000	S$'000
Profit (Loss) for the year attributable to equity holders of the Company	6,090	(112)

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")

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.

34 SEGMENT INFORMATION (cont'd)

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

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

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

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

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

Group's reportable segments

Year ended December 31, 2015	INV	LIFE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External sales	23,993	307,333	–	331,326
Result				
Segment result	15,812	(10,047)	(1,640)	4,125
Unallocated corporate expenses				(1,535)
Valuation gains on investment properties, net				9,915
Finance income				1,197
Finance costs				(4,631)
Foreign exchange loss				(500)
Profit before income tax				8,571
Income tax credit				62
Profit for the year				8,633
Other information				
Capital expenditure:				
Property, plant and equipment	6	209	–	215
Depreciation expense	68	374	6	448
Assets				
Segment assets	164,219	71,366	247	235,832
Total assets				235,832
Liabilities				
Segment liabilities	48,420	68,455	423	117,298
Income tax payable				67
Deferred tax liability				1,035
Total liabilities				118,400

34 SEGMENT INFORMATION (cont'd)

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, net				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

Geographical information

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

The following table provides an analysis of:

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

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.

34 SEGMENT INFORMATION (cont'd)

	Revenue		Capital expenditure		Non–current assets*	
	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
People's Republic of China (including Hong Kong)	305,904	475,167	66	112	3,055	28,682
Australia	11,390	10,247	5	2	59,871	55,963
Others	14,032	14,443	144	122	1,298	1,238
	331,326	499,857	215	236	64,224	85,883

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$307,333,000 (2014 : S$482,709,000) arising from the Lifestyle segment are revenues of approximately S$82,021,000 (2014 : S$189,746,000) which arose from sales to 1 (2014 : 2) of the Group's largest customer.

35 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiary corporations in the Group	–	–	26,007	18,538

At the end of the reporting period, the Company has granted a Sponsor Guarantee for a maximum of S$31.3 million (2014 : 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.

At the end of the reporting period, the Company has granted a Guarantee for a maximum of S$15.5 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 and 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$1.4 million (2014 : 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.

35 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

Commitments

As at December 31, 2015, the investment subsidiary corporation 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 where TCIL has committed to provide or procure the provision of about A$9.5 million (equivalent to S$9.8 million) (2014 : A$15.0 million (equivalent to S$15.5 million)) by way of progressive subscriptions of debt instruments. Monies of A$5.9 million (equivalent to S$6.1 million) (2014 : S$Nil) have been recorded as loans receivable in Note 15 for the amounts provided by the Group. As at December 31, 2015, the Group has procured the provision of approximately A$8.0 million (equivalent to S$8.2 million). Additional capital required upon successful financial close with the senior lender shall be sourced from, inter alia, external capital providers.

(b) Project B in Sydney where TCIL has committed to provide or procure the provision of approximately A$1 million (equivalent to S$1.0 million) by way of progressive subscriptions of debt instruments. Monies of A$0.8 million (equivalent to S$0.8 million) have been recorded as loans receivable in Note 15 for the amounts provided by the Group. Additional capital required upon successful financial close with the senior lender shall be sourced from, inter alia, external capital providers.

As at December 31, 2015, the Group also committed to acquire three land parcels in Australia for a total consideration of about A$22.3 million (equivalent to S$23 million). The Group paid deposits totaling A$1.0 million (equivalent to S$1.0 million) during the year which are recorded as other receivables in Note 9.

In 2014, the outstanding commitment related to Project C in Brisbane in respect of which the Group had committed A$46.2 million (equivalent to S$50.0 million) by way of progressive subscriptions of debt instruments. In 2015, monies of A$10.5 million (equivalent to S$10.8 million) (2014 : A$12.6 million (equivalent to S$13.6 million)) had been recorded as loans receivable in Note 15 for the amounts provided by the Group. There were no further commitments outstanding for this project at the end of 2015.

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 and residential premises were as follows:

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Within 1 year	627	788	35	84
In the second to fifth years inclusive	245	548	–	35
	872	1,336	35	119

Operating lease expense during the year amounted to S$2,548,000 (2014 : S$2,234,000).

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

36 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

The Group rents out certain investment properties (including those held for sale) 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	
	2015	2014
	S$'000	S$'000
Within 1 year	8,253	7,149
In the second to fifth years inclusive	22,145	10,978
	30,398	18,127

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$7,472,000 (2014 : S$7,150,000) (Note 27).

37 SUBSEQUENT EVENT

Subsequent to the year end, the Group has agreed to grant a Cost Overrun Guarantee for a maximum of A$5 million (equivalent to S$5.2 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.

Shareholders' Information

As at March 21, 2016

Issued and fully paid–up capital	:	S$72,498,724.21
Number of issued shares	:	130,860,616
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1– 99	1,644	21.68	64,565	0.05
100 – 1,000	3,528	46.52	1,226,557	0.94
1,001 – 10,000	1,778	23.44	7,470,622	5.71
10,001 – 1,000,000	618	8.15	29,322,076	22.40
1,000,001 and above	16	0.21	92,776,796	70.90
Total	**7,584**	**100.00**	**130,860,616**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	(No. of Shares)	%	(No. of Shares)	%
Kartar Singh Thakral	–	–	39,073,659 (1)	29.86
Inderbethal Singh Thakral	–	–	39,073,659 (1)	29.86
Manbeen Kaur Thakral	–	–	39,073,166 (2)	29.86
Thakral Investments Limited	9,720,638	7.43	29,352,528 (3)	22.43
Preview Investments Limited	6,876,250	5.25	22,476,278 (4)	17.18
Bikramjit Singh Thakral	8,900	0.01	19,226,278 (5)	14.69
Prime Trade Enterprises Limited	19,226,278	14.69	–	–
Venture Delta Limited	10,122,667	7.74	–	–
Constellation Star Holdings Limited	–	–	10,122,667 (6)	7.74
China Yuchai International Limited	–	–	10,122,667 (6)	7.74
HL Technology Systems Pte Ltd	–	–	10,122,667 (6)	7.74
Hong Leong (China) Limited	–	–	10,122,667 (6)	7.74
Hong Leong Asia Ltd.	–	–	10,122,667 (6)	7.74
Hong Leong Corporation Holdings Pte Ltd	–	–	10,122,667 (6)	7.74
Hong Leong Enterprises Pte. Ltd.	–	–	10,122,667 (6)	7.74
Hong Leong Investment Holdings Pte. Ltd.	–	–	10,122,667 (6)	7.74
Davos Investment Holdings Private Limited	–	–	10,122,667 (6)	7.74
Kwek Holdings Pte Ltd	–	–	10,122,667 (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 493 shares in the Company which amounts to an interest of 0.0004% in the Company.

(8) Market Watch Ltd holds 3.25 million shares in the Company which amounts to an interest of 2.48% in the Company.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	21,227,050	16.22
2.	Prime Trade Enterprises Limited	19,226,278	14.69
3.	Venture Delta Limited	10,122,667	7.74
4.	United Overseas Bank Nominees (Private) Limited	9,968,394	7.62
5.	Raffles Nominees (Pte) Limited	6,572,926	5.02
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,443,076	3.40
7.	Kanwaljeet Singh Dhillon	4,033,000	3.08
8.	Market Watch Ltd	3,250,000	2.48
9.	Thakral Investments Limited	3,140,282	2.40
10.	Asia Richer Investment Services Limited	2,094,750	1.60
11.	OCBC Securities Private Limited	1,979,893	1.51
12.	DBS Nominees (Private) Limited	1,690,952	1.29
13.	Maybank Nominees (Singapore) Private Limited	1,531,861	1.17
14.	CIMB Securities (Singapore) Pte Ltd	1,369,061	1.05
15.	Amarjit Kaur	1,084,400	0.83
16.	Phillip Securities Pte Ltd	1,042,206	0.80
17.	J & H Singh Pty Ltd	1,000,000	0.76
18.	OCBC Nominees Singapore Private Limited	715,445	0.55
19.	Atma Singh s/o Lal Singh	661,750	0.51
20.	Maybank Kim Eng Securities Pte Ltd	502,350	0.38
Total		**95,656,341**	**73.10**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 21, 2016, approximately 59.20% of the issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Company did not hold any treasury shares as at March 21, 2016.

Appendix to
Annual Report 2015

14 APRIL 2016

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 2015 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information pertaining to the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on 29 April 2016 at 2:00 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 2015

in relation to

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

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 2016.

"Appendix" : This appendix to the Company's Annual Report 2015 dated 14 April 2016.

"associate" : In the case of a company,

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"Audit Committee" : The audit committee of the Company comprising Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair.

"Board" : The board of Directors of the Company as at the date of this Appendix.

"CDP" : The Central Depository (Pte) Limited.

"Chief Financial Officer" : The chief financial officer of the Company who is not an Interested Person.

"Companies Act" or "Act" : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

"Company" : Thakral Corporation Ltd.

"Director" : A director of the Company as at the date of this Appendix.

"FY" : Financial year ended or ending 31 December.

"Group" : The Company, its subsidiaries and/or its associated companies.

"Immediate Family" : In relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.

"Independent Directors" : Has the meaning as ascribed to it in Section 8.1 of this Appendix.

"Interested Person Transactions" : Has the meaning as ascribed to it under Section 2.4.1 of this Appendix.

"Interested Persons"	:	The Thakral Family Companies, and "Interested Person" means any of the Thakral Family Companies.
"IPT Circular"	:	The Company's circular dated 13 April 2011.
"IPT Mandate"	:	A Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies or any of them, to enter into Interested Person Transactions with the Interested Persons and has the meaning ascribed to it in Section 2.1.5 of this Appendix.
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Lock Out Agreement"	:	The agreement entered into by the Company, Mr. Kartar Singh Thakral, Thakral Brothers (Private) Limited and Dartmoor Pte Ltd dated 24 November 1995 in relation to the parties' trading activities with their consumer electronic product customers worldwide and between themselves.
"NTA"	:	Net tangible assets.
"Rights to Lock-Out"	:	Has the meaning as ascribed to it in Section 3.2.2 of this Appendix.
"Sales Director"	:	The sales director of a major subsidiary of the Company who is not an Interested Person.
"Securities Accounts"	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.
"Shareholders"	:	The registered holders of Shares except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts.
"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.
"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.

1. INTRODUCTION

1.1 The Directors of the Company propose to renew the existing shareholders' mandate for interested person transactions ("***IPT Mandate***") pursuant to Chapter 9 of the Listing Manual.

1.2 The purpose of this Appendix, circulated together with the Annual Report, is to explain the rationale and provide information to Shareholders for the proposed renewal of the IPT Mandate.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Chapter 9 of the Listing Manual

2.1.1 Chapter 9 of the Listing Manual governs transactions between an "entity at risk" and an "interested person", and provides that, subject to certain materiality thresholds and exceptions, such transactions must be approved by the shareholders of the listed company and must be announced immediately.

2.1.2 The Thakral Family Companies are "interested persons" for the purposes of Chapter 9 of the Listing Manual.

2.1.3 Pursuant to Chapter 9 of the Listing Manual, the approval of Shareholders would have to be obtained for the trading transactions with the Thakral Family Companies if the value of the transaction concerned equals to, or exceeds: (i) 5% of the Group's latest audited NTA; or (ii) 5% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

2.1.4 Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2015, the NTA of the Group was S$97,303,000. 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$4,865,000.

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

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

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

(a) the listed company;

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

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

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

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

(iv) an "***approved exchange***" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

(v) an "***interested person transaction***" means a transaction between an entity at risk and an interested person; and

(vi) a "***transaction***" includes-

(a) the provision or receipt of financial assistance;

(b) the acquisition, disposal or leasing of assets;

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

(e) the granting of or being granted options; and

(f) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.2 Background to the IPT Mandate

2.2.1 At an extraordinary general meeting of the Company held on 29 April 2011 ("***EGM***"), the Company was granted a general mandate by its Shareholders pursuant to Chapter 9 of the Listing Manual which permitted the Group to enter into the Interested Person Transactions detailed in Section 2.4.1 below. Details of and the rationale for the existing IPT Mandate were set out in the Company's circular to Shareholders dated 13 April 2011 ("***IPT Circular***") and are restated under Section 2.3 of this Appendix below.

2.2.2 The IPT Mandate approved at the Company's EGM was last renewed with amendments to the approval threshold limit under each categorized level of Interested Person Transactions at the Company's annual general meeting held on 29 April 2015 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 2016 and the Directors are proposing to renew the IPT Mandate at the AGM.

2.3 Rationale for Renewal of the IPT Mandate

2.3.1 The Group has, from time to time, been sourcing consumer electronics and electrical products from the Thakral Family Companies and vice versa. The Thakral Family Companies and the Group have only been sourcing such products through each other when it is mutually advantageous to trade with or through one another rather than directly with suppliers. The Group has only been sourcing products for the Thakral Family Companies where it has a better relationship with the suppliers than the Thakral Family Companies. Similarly, the Group has only been sourcing such products from the Thakral Family Companies where the Thakral Family Companies have a better relationship with the suppliers than the Group. The parties therefore wish to continue with the existing relationship as regards to trading in consumer electronics and electrical products.

2.3.2 In view of the time-sensitive and recurrent nature of commercial transactions, the renewal of the IPT Mandate, pursuant to Chapter 9 of the Listing Manual will enable the Group, in the ordinary course of its business, to enter into the transactions with the Thakral Family Companies as set out above, provided that such transactions are made on normal commercial terms. Please refer to Section 2.5 of this Appendix below for the benefits of the IPT Mandate to the Shareholders.

2.4 Classes of Interested Persons and Description of Interested Persons Transactions

2.4.1 The IPT Mandate, if renewed, will apply to interested person transactions, being the sales and purchase of consumer electronics and electrical products ("***Interested Person Transactions***"), which are carried out with the Thakral Family Companies only.

2.4.2 Transactions with Interested Persons that do not fall within the ambit of the renewed IPT Mandate shall be subject to the provisions of Chapter 9 of the Listing Manual and/or other relevant provisions of the Listing Manual.

2.4.3 The renewed IPT Mandate will not cover any Interested Person Transaction that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. In addition, the IPT Mandate will not include transactions for the purchase and sale of assets, undertakings or businesses.

2.5 Benefits to Shareholders

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

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

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***").

3.2.5 The Audit Committee will review, and if considered appropriate, request the Thakral Family Companies identified in the Quarterly Certificates referred to in paragraph 3.2.4 or such other Thakral Family Companies as the Company may reasonably request in writing ("***Relevant TF Companies***") to procure from the auditors of the Relevant TF Companies a certificate signed by the auditors certifying the aggregate amount of TFC Sales in the TCL Territories undertaken by such Relevant TF Company for that year, and setting out a breakdown of the amount of such TFC Sales in TCL Territories and the number of customers in respect of each country for that year. Such auditors' certification shall be made at the expense of the Company. The Relevant TF Company is required to procure the audit certificate within 30 days of the request from the Company.

3.2.6 The Company shall maintain and make available to the Audit Committee, on a regular basis, the shareholding information, the Quarterly Certificates, all Interested Person Transactions and such other relevant information which it may reasonably require with the co-operation of the Company and the Thakral Family Directors.

3.2.7 The Audit Committee has reviewed the above information during FY2015 to determine whether the Rights to Lock-Out had become exercisable and should be exercised by the Audit Committee. After due consideration, taking into account that the Group would likely benefit more than the relevant Thakral Family Companies if the Lock Out Agreement was not reinstated, the Audit Committee took the view that it was advantageous to all Shareholders including minority shareholders that the Audit Committee not exercise the Rights to Lock-Out and not reinstate the Lock Out Agreement.

3.3 Other Review Procedures

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

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

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

(i) a Category 1 transaction is one in which the transaction value exceeds S$100,000.00 but is less than or is equal to S$500,000.00;

(ii) a Category 2 transaction is one in which the transaction value exceeds S$500,000.00, but is less than or is equal to S$1,000,000.00; and

(iii) a Category 3 transaction is one where the transaction value exceeds S$1,000,000.00.

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

The threshold limits set out above are based on expected and past sale and purchases volume of the Group as well as the need for commercial efficiency.

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

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

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

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

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

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

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

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

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

5. VALIDITY PERIOD OF THE RENEWED IPT MANDATE

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

6. DISCLOSURE IN ANNUAL REPORT

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

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

7. STATEMENT OF THE AUDIT COMMITTEE

7.1 Having considered, *inter alia*, the terms, the rationale for and the benefits of renewing the IPT Mandate, the Audit Committee is satisfied that the methods or procedures implemented in FY2015 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 the IPT Mandate are Messrs Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair (the "**Independent Directors**").

8.2 The Independent Directors are of the view that the entry into of the Interested Person Transactions between the Group and the Thakral Family Companies in the ordinary course of its business (as described in Section 2.3.1) are in the best interests of the Group. For the reasons as set out in Section 2.5 and taking into consideration the Audit Committee's confirmation in Section 7, the Independent Directors are of the opinion that the current review procedures for the Interested Person Transactions with the Thakral Family Companies are sufficient to ensure that the transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Group and the minority shareholders and recommend that Shareholders vote in favour of the resolution relating to the renewal of the IPT Mandate to be proposed at the AGM.

8.3 In accordance with the requirements of Chapter 9 of the Listing Manual, the Thakral Family Directors, being directors of the Thakral Family Companies, have abstained from making any recommendation on the renewal of the IPT Mandate.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416, not later than 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 the IPT Mandate at the forthcoming AGM.

10.2 Further, the Thakral Family Companies undertake not to accept and shall ensure that their associates shall not accept the appointment as proxies to vote and attend at the forthcoming AGM in respect of the ordinary resolution relating to the proposed renewal of the IPT Mandate for other Shareholders of the Company unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for FY2015.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Friday, 29 April 2016 at 2.00 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' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

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

3. To pass the following resolutions:-

   "That Mr. Natarajan Subramaniam, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company."
   [See Explanatory Note (i)] **(Resolution 3)**

   "That Mr. Kartar Singh Thakral, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company."
   [See Explanatory Note (i)] **(Resolution 4)**

   "That Mr. Lee Ying Cheun, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company."
   [See Explanatory Note (i)] **(Resolution 5)**

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

4. To approve the payment of Directors' fees of S$475,500 for the year ending 31 December 2016, to be paid quarterly in arrears. (31 December 2015: S$562,500) **(Resolution 6)**

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

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

AS SPECIAL BUSINESS

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

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

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities

issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (ii)] **(Resolution 8)**

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited: -

(a) approval be and is hereby given for the Company, its subsidiaries and its associated companies or any of them to enter, in the ordinary course of business, into the transactions and arrangements for the sale and purchase of consumer electronics and electrical products as described in Section 2.3.1 of the Appendix to Annual Report 2015 dated 14 April 2016 (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 9)**

By Order of the Board

Chan Wan Mei
Company Secretary
Singapore
Date: 14 April 2016

Explanatory Notes

(i) The Ordinary Resolutions 3, 4 and 5 proposed in item 3 above, are for the re-appointment of Mr. Natarajan Subramaniam, Mr. Kartar Singh Thakral and Mr. Lee Ying Cheun as Directors of the Company respectively. These Resolutions will be individually proposed at the Annual General Meeting. Each Resolution is to approve and authorise the continuation of the relevant Director in office, as a Director of the Company, from the date of the Annual General Meeting onwards without limitation in tenure save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution. This is consequent upon the repeal of Section 153 of the Companies Act, Chapter 50 of Singapore with effect from 3 January 2016. The respective resolutions passed pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore at last year's Annual General Meeting (as Section 153 was then still in force) could only permit the re-appointment of the Director, being over 70 years of age, to hold office as Director of the Company until this Annual General Meeting. For more information on the respective Directors, please refer to the "Board of Directors" section in the Annual Report 2015.

(ii) The Ordinary Resolution 8 proposed in item 7 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 9 proposed in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes

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

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under the corporation's common seal or signed by its attorney or an officer on behalf of the corporation.

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

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes (the "Warranty"); and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

THAKRAL CORPORATION LTD

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

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

PROXY FORM

(Please see notes overleaf before completing this Form)

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

of ____ (Address)

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

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

*and/or

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

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 2016 at 2.00 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' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr. Inderbethal Singh Thakral as a Director		
3	Re-appointment of Mr. Natarajan Subramaniam as a Director		
4	Re-appointment of Mr. Kartar Singh Thakral as a Director		
5	Re-appointment of Mr. Lee Ying Cheun as a Director		
6	Approval of Directors' fees amounting to S$475,500 for the year ending 31 December 2016, to be paid quarterly in arrears		
7	Re-appointment of Deloitte & Touche LLP as Auditors		
8	Authority to allot and issue shares		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this __________ day of ____________________ 2016

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

____

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

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9 below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

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

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