

REPL::TENDER/ ACQUISITION/ TAKEOVER/ PURCHASE OFFER::VOLUNTARY

Issuer & Securities

Issuer/ Manager

THAKRAL CORPORATION LTD

Security

THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI

Announcement Details

Announcement Title

Voluntary Tender/ Acquisition/ Takeover/ Purchase Offer

Date & Time of Broadcast

04-Apr-2019 17:12:24

Status

Replacement

Corporate Action Reference

SG190304TENDD3A2

Submitted By (Co./ Ind. Name)

Chan Wan Mei

Designation

Company Secretary

Percentage Sought (%)

20.26

Event Narrative

Narrative Type	Narrative Text
Additional Text	Voluntary Conditional Cash Partial Offer by Prime Trade Enterprises Limited. Please refer to the attached announcement on Despatch of the Offeree Circular and the Offeree Circular.
Offeror	Prime Trade Enterprises Limited

Disbursement Details

Closing Time

17:30:00

Existing Security Details

Disbursement Type

Cash

Cash Payment Details

Offer Price

SGD 0.5

Attachments

[ThakralCorp Annmt Despatch Offeree Circular 20190404.pdf](#)[ThakralCorp Offeree Circular 20190404.pdf](#)

Total size =1523K MB

Related Announcements

[Related Announcements](#)

[27/03/2019 17:45:27](#)

[04/03/2019 17:38:28](#)



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

ANNOUNCEMENT

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY W CAPITAL MARKETS PTE. LTD., FOR AND ON BEHALF OF PRIME TRADE ENTERPRISES LIMITED, TO ACQUIRE 26,510,000 ORDINARY SHARES IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THAKRAL CORPORATION LTD OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

- DESPATCH OF OFFEREE CIRCULAR

1. Introduction

The Board of Directors (the "**Board**") of Thakral Corporation Ltd (the "**Company**") refers to the offer document dated 22 March 2019 (the "**Offer Document**") issued by W Capital Markets Pte. Ltd., for and on behalf of Prime Trade Enterprises Limited (the "**Offeror**"), relating to a voluntary conditional cash partial offer (the "**Partial Offer**") to acquire 26,510,000 ordinary shares in the issued and paid-up share capital of the Company (the "**Shares**"), other than Shares already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it in relation to the Partial Offer.

All capitalised terms not defined herein have the meanings ascribed to them in the Offer Document.

2. Despatch of Offeree Circular

The Board wishes to announce that the Company has today despatched to the shareholders of the Company (the "**Shareholders**") a circular dated 4 April 2019 (the "**Offeree Circular**") containing, *inter alia*, the advice of Provenance Capital Pte. Ltd., the independent financial adviser (the "**IFA**") to the directors of the Company who are regarded as independent for the purpose of the Partial Offer under the Singapore Code on Take-over and Mergers (the "**Unconflicted Directors**") and the recommendations of the Unconflicted Directors in respect of the Partial Offer.

A copy of the Offeree Circular is also available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

The Offeree Circular requires the immediate attention of Shareholders. Shareholders should read and carefully consider the advice of the IFA as well as the recommendations of the Unconflicted Directors set out in the Offeree Circular before deciding whether or not to vote on and/or accept or reject the Partial Offer. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

3. Copies of Offeree Circular

Shareholders (including Overseas Shareholders) who have not received the Offeree Circular within two (2) working days from 4 April 2019 may:

- (a) obtain a copy of the Offeree Circular during normal business hours up to the Closing Date at 5.30 p.m. (Singapore time) on 22 April 2019, from the offices of the Registrar at RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619; or

- (b) make a request to the Registrar at the aforementioned address to request for the Offeree Circular to be sent to an address in Singapore by ordinary post at the risk of the Shareholder (the last date for despatch in respect of such request shall be a date falling five (5) Market Days prior to the Closing Date).

4. Directors' Responsibility Statement

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no other material facts have been omitted from this announcement, which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

On behalf of the Board

Natarajan Subramaniam
Independent Non-Executive Chairman and Lead Independent Director

Singapore, 4 April 2019

CIRCULAR DATED 4 APRIL 2019

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE UNCONFLICTED DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PROVENANCE CAPITAL PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE UNCONFLICTED DIRECTORS) TO THE UNCONFLICTED DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

THIS CIRCULAR IS ISSUED BY THAKRAL CORPORATION LTD. IF YOU ARE IN ANY DOUBT IN RELATION TO THIS CIRCULAR OR AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued ordinary shares in the capital of Thakral Corporation Ltd (“**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the information, statements or opinions made or reports contained in this Circular.



THAKRAL CORPORATION LTD

(Incorporated in Singapore)
(Company Registration No. 199306606E)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER

by

W CAPITAL MARKETS PTE. LTD.

(Incorporated in Singapore)
(Company Registration No.: 201813207E)

for and on behalf of

PRIME TRADE ENTERPRISES LIMITED

(Incorporated in the British Virgin Islands)
(Company Registration No.: 1527628)

an investment holding company ultimately
owned and controlled by certain members of the Thakral family

to acquire 26,510,000 ordinary shares in the issued and paid-up share capital of

THAKRAL CORPORATION LTD

(Incorporated in Singapore)
(Company Registration No.: 199306606E)

other than those already owned, controlled or agreed to be acquired by the Offeror and
parties acting in concert with it

Independent Financial Adviser to the Unconflicted Directors



PROVENANCE CAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200309056E)

IMPORTANT DATE AND TIME:

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT VOTES AND ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE PARTIAL OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 22 APRIL 2019. THE OFFEROR DOES NOT INTEND TO REVISE OR EXTEND THE PARTIAL OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 22 APRIL 2019. NOTICE IS HEREBY GIVEN THAT THE PARTIAL OFFER WILL NOT BE REVISED OR BE OPEN FOR VOTING AND ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON 22 APRIL 2019 SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION (AS DEFINED IN THE OFFER DOCUMENT). ACCORDINGLY, SHAREHOLDERS WHO WISH TO VOTE IN FAVOUR OF AND ACCEPT THE PARTIAL OFFER MUST DO SO BY SUCH TIME AND DATE.

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CORPORATE INFORMATION

Board of Directors	:	Natarajan Subramaniam Kartar Singh Thakral Inderbethal Singh Thakral Lee Ying Cheun Dileep Nair Bikramjit Singh Thakral	<i>(Independent Non-Executive Chairman and Lead Independent Director)</i> <i>(Executive Director)</i> <i>(Chief Executive Officer and Executive Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Alternate Director to Kartar Singh Thakral)</i>
Company Secretary	:	Chan Wan Mei Chan Lai Yin	
Registered Office	:	20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	
Share Registrar	:	RHT Corporate Advisory Pte. Ltd. 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619	
Auditors to the Company	:	Deloitte & Touche LLP Public Accountants and Chartered Accountants 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809 Partner-in-charge: Rankin Brandt Yeo	
Legal Adviser to the Company in relation to the Partial Offer	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624	
Independent Financial Adviser to the Unconflicted Directors in relation to the Partial Offer	:	Provenance Capital Pte. Ltd. 96 Robinson Road #13-01 SIF Building Singapore 068899	

DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

- “2001 Plan”** : Has the meaning given to it in Section 2.3 of this Circular
- “2001 Scheme”** : Has the meaning given to it in Section 2.3 of this Circular
- “Audited FY2017 Results”** : The audited consolidated financial statements of the Group for the financial year ended 31 December 2017, reproduced as Appendix 2 to this Circular
- “Accepting Shareholder”** : Has the meaning given to it in Section 2.1(d) of this Circular
- “Books Closure Date”** : Has the meaning given to it in Section 2.1(d)(1) of this Circular
- “Business Day”** : A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 4 April 2019 in relation to the Partial Offer
- “Closing Date”** : 5.30 p.m. (Singapore time) on 22 April 2019, such date being the last day for the lodgement of acceptances of the Partial Offer
- “Code”** : The Singapore Code on Take-overs and Mergers (as revised with effect from 24 January 2019)
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore
- “Company”** : Thakral Corporation Ltd
- “Company Securities”** : (i) Shares, (ii) securities which carry voting rights in the Company, and (iii) convertible securities, warrants, options and derivatives in respect of (i) and (ii)
- “CPFIS Investors”** : Investors who have purchased Shares using their Central Provident Fund (CPF) contributions pursuant to the Central Provident Fund Investment Scheme
- “Despatch Date”** : 22 March 2019, being the date of despatch of the Offer Document
- “Directors”** : The directors of the Company (including the Unconflicted Directors) as at the Latest Practicable Date
- “Distributions”** : Has the meaning given to it in Section 2.1(d)(iii) of this Circular
- “FAA”** : Form of Acceptance and Authorisation for Offer Shares in respect of the Partial Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
- “FAT”** : Form of Acceptance and Transfer for Offer Shares in respect of the Partial Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document

“FY”	:	Financial year ended 31 December
“Group”	:	The Company and its subsidiaries
“IFA” or “Provenance Capital”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Unconflicted Directors in connection with the Partial Offer
“IFA Letter”	:	Has the meaning given to it in Section 11.1 of this Circular
“Latest Practicable Date”	:	27 March 2019, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Offer Announcement”	:	The announcement of the Partial Offer released by W Capital Markets, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	4 March 2019, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 22 March 2019 issued by W Capital Markets, for and on behalf of the Offeror, including the FAA and/or the FAT, and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update the Offer Document from time to time. References to “Offer Document” shall include the FAA and/or the FAT, unless the context otherwise requires
“Offer Price”	:	S\$0.50 in cash for each Offer Share
“Offer Shares”	:	Shares to which the Partial Offer relates, as more particularly described in Section 2.1(a) of this Circular
“Offeror”	:	Prime Trade Enterprises Limited
“Offeror Group”	:	The Offeror and parties acting in concert with it
“Offeror Group Shares”	:	Has the meaning given to it in Section 2.1(a) of this Circular
“Offeror Securities”	:	(i) share(s) of the Offeror, (ii) securities which carry substantially the same rights in the Offeror, and (iii) convertible securities, warrants, options and derivatives in respect of such share(s) or securities
“Overseas Shareholders”	:	Has the meaning given to it in Section 13.1 of this Circular
“Partial Offer”	:	The voluntary conditional cash partial offer made by W Capital Markets, for and on behalf of the Offeror, to acquire 26,510,000 Shares as at the Record Date, other than the Shares already owned, controlled or agreed to be acquired by the Offeror Group as at such date, on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT, as may be amended, extended and revised from time to time by or on behalf of the Offeror
“Record Date”	:	5.00 p.m. (Singapore time) on 8 April 2019, being the 14 th day before the Closing Date, on which the Transfer Books and Register will be closed in order to determine the entitlements of the Relevant Shareholders to the Partial Offer

“Relevant Acceptance Forms”	:	The FAA and/or FAT (as the case may be)
“Relevant Shares”	:	All the Shares in issue which are not already owned, controlled or agreed to be acquired by the Offeror Group
“Relevant Shareholders”	:	Has the meaning given to it in Section 2.1(b) of this Circular
“Register”	:	The register of holders of the Shares, as maintained by the Registrar
“Registrar”	:	RHT Corporate Advisory Pte. Ltd.
“Restructuring Exercise”	:	The restructuring exercise undertaken by the Thakral Family Entities for the purposes of the Partial Offer to restructure their respective shareholding interests so that all the Offeror Group Shares previously held by the Thakral Family Entities are now held by and through the Offeror
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company (excluding treasury shares)
“SIC”	:	Securities Industry Council of Singapore
“SRS Investors”	:	Investors who purchase Shares pursuant to the Supplementary Retirement Scheme
“Thakral Family Entities”	:	The Offeror Group (excluding Mr. Chennoth Divakara Prabhu Rajendran and Mr. Anil Moolchand Daryanani)
“Unaudited FY2018 Results”	:	The unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018
“Unconflicted Directors”	:	The Directors who are considered independent for the purpose of making recommendations to the Shareholders in respect of the Partial Offer, namely, Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair
“W Capital Markets”	:	W Capital Markets Pte. Ltd., the financial adviser to the Offeror in connection with the Partial Offer
“%” or “per cent.”	:	Per centum or percentage
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore

Acting in Concert and Offer Period. Unless otherwise defined, the expressions **“acting in concert”**, **“concert parties”** and **“offer period”** shall have the meanings ascribed to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by W Capital Markets or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors. The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings given to them respectively in Section 81SF of the SFA.

Genders. 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 and *vice versa*. References to persons shall, where applicable, include corporations.

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

Rounding. Any discrepancies in the figures in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

Shares in the Capital of the Company. In this Circular, the total number of Shares is 130,860,616 Shares, and there are no treasury Shares as at the Latest Practicable Date.

Statutes. Any reference in this Circular 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, the Listing Manual, the Code or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the Listing Manual, the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary. The expression “**subsidiary**” shall have the meaning given to it in the Companies Act.

Time and Date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively unless otherwise stated.

INDICATIVE TIMELINE

The following are indicative dates and times for the Partial Offer:

EVENT	DATE
Despatch Date	: 22 March 2019
Date of despatch of this Circular	: 4 April 2019
Record Date	: 5.00 p.m. (Singapore time) on 8 April 2019
Despatch of Entitlement Notification Letter (as defined in the Offer Document)	: On or about 11 April 2019
Closing Date	: 5.30 p.m. (Singapore time) on 22 April 2019
Payment of Offer Price	: Within seven (7) Business Days of the Closing Date

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

THAKRAL CORPORATION LTD

(Incorporated in Singapore)
(Company Registration No. 199306606E)

DIRECTORS

Natarajan Subramaniam *(Independent Non-Executive Chairman and Lead Independent Director)*
Kartar Singh Thakral *(Executive Director)*
Inderbethal Singh Thakral *(Chief Executive Officer and Executive Director)*
Lee Ying Cheun *(Independent Non-Executive Director)*
Dileep Nair *(Independent Non-Executive Director)*
Bikramjit Singh Thakral *(Alternate Director to Kartar Singh Thakral)*

REGISTERED OFFICE

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416

4 April 2019

To: The Shareholders of Thakral Corporation Ltd

Dear Sir/Madam,

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY W CAPITAL MARKETS PTE. LTD. FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE THE OFFER SHARES

1. INTRODUCTION

1.1. Offer Announcement

On 4 March 2019, W Capital Markets announced, for and on behalf of the Offeror, *inter alia*, that in accordance with Section 139 of the SFA and Rule 16.4 of the Code, the Offeror intends to make the Partial Offer. An announcement in relation to the Partial Offer was then made by the Company on the same day following the Offer Announcement.

Copies of the announcements referred to in this **Section 1.1** are available on the website of SGX-ST at www.sgx.com.

1.2. Offer Document

Shareholders should by now have received a copy of the Offer Document issued by W Capital Markets, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Partial Offer. **Shareholders are advised to read the terms and conditions of the Partial Offer contained therein carefully.**

1.3. Independent Financial Adviser

The Company has appointed Provenance Capital as the IFA to advise the Unconflicted Directors in respect of the Partial Offer.

1.4. Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and to set out the recommendation of the Unconflicted Directors and the advice of the IFA to the Unconflicted Directors in respect of the Partial Offer.

Shareholders should read this Circular and the IFA Letter carefully and consider the recommendation of the Unconflicted Directors and the advice of the IFA to the Unconflicted Directors in respect of the Partial Offer before deciding whether or not to vote on and/or accept the Partial Offer.

2. THE PARTIAL OFFER

2.1. Offer Terms and Conditions

As set out in the Offer Document, the Partial Offer is made on the following terms and conditions in accordance with Section 139 of the SFA and Rule 16.4 of the Code:

- (a) **Offer Shares.** The Partial Offer is made to acquire 26,510,000 Relevant Shares (“**Offer Shares**”) in accordance with Section 139 of the SFA and Rule 16.4 of the Code.

The Offer Shares represent approximately 20.26%* of the total issued Shares of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror Group owns, controls or has agreed to acquire 39,188,560 Shares, approximately 29.95%* of the total issued and paid-up share capital of the Company (“**Offeror Group Shares**”). Further information on the shareholding interest of the Offeror Group prior to and upon completion of the Restructuring Exercise is set out in **Appendix 8 to the Offer Document**. Further information on the Restructuring Exercise is set out in **Appendix 3 to the Offer Document**.

If the Partial Offer becomes or is declared unconditional in all respects, and assuming no new or treasury Share is issued or transferred between the Latest Practicable Date and the close of the Partial Offer, the Partial Offer would increase the aggregate shareholdings of the Offeror Group from 29.95%* (39,188,560 Shares) to approximately 50.20%* (65,698,560 Shares) of the Shares in the issued share capital of the Company as at the close of the Partial Offer.

The Offeror Group will be able to exercise statutory control over the Company and will be free, subject to a six-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.

- (b) **Relevant Shareholders.** The Partial Offer is made to all Shareholders as at the Record Date other than the Offeror Group (“**Relevant Shareholders**”).

The Transfer Books and Register will be closed as at the Record Date, 8 April 2019, being the 14th day before the Closing Date (or if such date falls on a non-Business Day, the following Business Day), for the purposes of determining the entitlements of Relevant Shareholders to the Partial Offer. A Relevant Shareholder who is a Depositor and wishes to accept the Partial Offer must ensure that there are Shares held in his Securities Account as at the Record Date. A Relevant Shareholder who is not a Depositor and wishes to accept the Partial Offer must ensure that there are Shares registered in his name in the Register as at the Record Date.

For the avoidance of doubt, the Partial Offer is made to all Relevant Shareholders, including those to whom the Offer Document and the Relevant Acceptance Forms have not been, or will not be sent, provided that the Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Partial Offer is not being made into any jurisdiction in which the making or acceptance of the Partial Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Partial Offer to Relevant Shareholders in any such jurisdiction.

Further information on the entitlement of Relevant Shareholders to vote on and accept the Partial Offer is set out in **Appendix 2 to the Offer Document**.

* The shareholding percentage may not add up due to rounding.

(c) **Offer Price.** The Partial Offer is made at S\$0.50 in cash for each Offer Share.

(d) **No Encumbrances.** The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing; and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (collectively, "**Distributions**") on or after the Offer Announcement Date.

A Relevant Shareholder who tenders his Shares in acceptance of the Partial Offer will be deemed to warrant that he sells such Shares as or on behalf of the beneficial owner(s) thereof in the terms set out in **Sections 2.1(d)(i) to (iii)** above.

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions that may be declared, paid or made by the Company on or after the Offer Announcement Date. Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Partial Offer ("**Accepting Shareholder**") shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Partial Offer by such Accepting Shareholder falls, as follows:

1. if such settlement date falls on or before the books closure date for the determination of entitlements to the Distributions ("**Books Closure Date**"), the Offer Price shall remain unadjusted for each such Offer Share, as the Offeror will receive the Distributions in respect of such Offer Share from the Company; and
2. if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distributions in respect of each Offer Share, as the Offeror will not receive the Distributions in respect of such Offer Share from the Company.

(e) **Offer Conditions.** The Partial Offer will be subject to the following conditions:

- (i) the Offeror, having received by the Closing Date, valid acceptances in respect of at least 26,510,000 Shares which, when taken together with the Offeror Group Shares, will result in the Offeror Group holding approximately 50.20% of the Shares in issue as at the Closing Date; and
- (ii) the Offeror having received by the Closing Date, approval for the Partial Offer by the Relevant Shareholders representing more than 50.00% of the valid votes received (provided that the Offeror, parties acting in concert with it and their respective associates shall abstain from voting).

Save as provided in Section 2.5 to the Offer Document, the Partial Offer will be unconditional in all other respects.

2.2. SIC Approval

The full text in relation to the SIC's grant of consent to the Offeror to the making of the Offer as set out in **Section 3 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

3. SIC APPROVAL

3.1. **SIC Approval.** *On 31 January 2019, the SIC granted its consent to the making of the Partial Offer, subject to the applicable conditions under Rule 16.4 of the Code.*

3.2. **Rule 16.4 Conditions.** *The applicable requirements of Rule 16.4 of the Code are as follows:*

3.2.1. *the Partial Offer is not a mandatory offer under Rule 14 of the Code;*

3.2.2. *the Offeror confirms and undertakes in its application for consent that it and its concert parties did not and will not acquire any voting shares (excluding voting shares acquired by the Offeror and its concert parties via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings) in the Company:*

(a) *in the six (6) months prior to the Offer Announcement Date (and confirms this fact in the Offer Announcement);*

(b) *in the period between submitting the application for the SIC's consent and the making of the Partial Offer;*

(c) *during the offer period (except pursuant to the Partial Offer); and*

(d) *during a period of six months after the Closing Date, if the Partial Offer becomes unconditional as to acceptances;*

3.2.3. *the Partial Offer is conditional, not only on the specified number or percentage of acceptances being received, but also on approval by the Shareholders. The Offeror, parties acting in concert with it and their associates are not allowed to vote on the Partial Offer. Voting should be:*

(a) *if a general meeting is convened, by way of a poll on a separate ordinary resolution on the Partial Offer. The Partial Offer must be approved by Shareholders (present and voting either in person or by proxy) of more than 50.00% of the votes cast; or*

(b) *if it is on the form of acceptance for the Partial Offer, in a separate box with the number of voting shares indicated. The Partial Offer must be approved by Shareholders of more than 50.00% of the votes received. Upon the close of the Partial Offer, the Receiving Agent must confirm in writing to the SIC that it has done the necessary checks and verification to ensure that votes (if any) cast by Shareholders not allowed to vote, are disregarded and excluded for the purpose of determining Shareholders' approval for the Partial Offer;*

3.2.4. *arrangements are made with the SGX-ST prior to the posting of the Offer Document to provide a temporary trading counter to trade odd-lots in the Shares after the close of the Partial Offer. Such counter should be open for a reasonable period of time, which in any case should not be shorter than one (1) month;*

- 3.2.5. *the Offer Document contains a specific and prominent statement to the effect that if the Partial Offer succeeds, the Offeror will be able to exercise statutory control over the Company and that the Offeror and its concert parties will be free, subject to the six-month period specified in **Section 3.2.2(d)** of this Offer Document, to acquire further Shares without incurring any obligation to make a general offer;*
- 3.2.6. *the Partial Offer is made to all Shareholders of the class and arrangements are made for those Shareholders who wish to accept in full for the relevant percentage of their holdings. Shares tendered in excess of this percentage should be accepted by the Offeror from each Shareholder in the same proportion as the number tendered to the extent necessary to enable the Offeror to obtain the relevant number of Offer Shares. The Offeror should arrange its acceptance procedure to minimise the number of new odd-lot shareholdings;*
- 3.2.7. *if the Company has more than one class of equity share capital, a comparable offer is made for each other class;*
- 3.2.8. *an appropriate Partial Offer is made for outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights. In addition, the Partial Offer must be extended to holders of newly issued Shares arising from the exercise of such instruments, subscription rights or options during the offer period; and*
- 3.2.9. *the precise number of Shares, percentage or proportion offered is stated, and the Partial Offer may not be declared unconditional as to acceptances unless acceptances are received for not less than that number, percentage or proportion.*
- 3.3. *In connection with the condition set out in **Section 3.2.2** of this Offer Document, the Offeror has confirmed and provided the relevant undertaking to the SIC.*

2.3. Other Class of Shares or Convertible Securities

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. No awards have been issued since the adoption of the 2001 Plan, and no new options have been granted under the 2001 Scheme since March 2007. The 2001 Scheme and the 2001 Plan expired on 30 March 2011, and all outstanding share options granted under the 2001 Scheme have expired.²

As at the Latest Practicable Date, the Company:

- (a) has only one (1) class of shares in issue – the Shares; and
- (b) has no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company.

For the avoidance of doubt, the Partial Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any option to subscribe for new Shares granted on or prior to the Closing Date.

2.4. Closing Date

Shareholders should note that the Partial Offer is open for acceptance by the Relevant Shareholders for at least 28 days from 22 March 2019, being the date of despatch of the Offer Document, unless the Partial Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Partial Offer will close at 5.30 p.m. (Singapore time) on 22 April 2019.

² Based on information extracted from the annual report of the Company for FY2017 and the financial results announcement of the Company for the full year and fourth quarter ended 31 December 2018 dated 28 February 2019.

Notice is hereby given that the Partial Offer will not be revised or be open for voting and acceptance beyond 5.30 pm. (Singapore time) on 22 April 2019, save that such notice shall not be capable of being enforced in a competitive situation.

For these purposes, a “competitive situation” shall be deemed to arise when either: (a) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions; or (b) the SIC determines that a competitive situation has arisen.

2.5. Right of Withdrawal of Acceptances

Information on the right to withdraw as set out in **Section 4 of Appendix 1 to the Offer Document** is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the same meanings given to them in the Offer Document.

4. RIGHT OF WITHDRAWAL OF ACCEPTANCES

4.1. **Votes and Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, votes on and acceptances of the Partial Offer shall be irrevocable.

4.2. **Right of Withdrawal of Shareholders.** A Relevant Shareholder who has tendered acceptances under the Partial Offer may:

4.2.1. withdraw his acceptance immediately if the Partial Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in **Paragraph 3.1** of this **Appendix 1** by 3.30 p.m. (Singapore time) on the Relevant Day. The Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Partial Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in **Paragraph 3.1** of this **Appendix 1**;

4.2.2. withdraw his acceptance after 14 days from the Closing Date of the Partial Offer, if the Partial Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw may be exercisable until the Partial Offer becomes or is declared to be unconditional as to acceptances; and

4.2.3. withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation, i.e. if the Partial Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such offer immediately.

4.3. **Procedures for Withdrawal of Acceptances.** To withdraw his acceptance under the Partial Offer:

4.3.1. a Relevant Shareholder holding Offer Shares **which are not deposited with CDP** must give written notice to Prime Trade Enterprises Limited c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619; and

4.3.2. a Relevant Shareholder holding Shares **which are deposited with CDP** must give written notice to Prime Trade Enterprises Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

A notice of withdrawal shall be effective only if signed by the accepting Relevant Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

2.6. Further Details

Appendix 1 to the Offer Document sets out further details on the Partial Offer on (a) the duration of the Partial Offer, (b) the settlement of the consideration for the Partial Offer, (c) the requirements relating to the announcement of level of acceptances of the Partial Offer, and (d) the right of withdrawal of acceptances of the Partial Offer.

3. INFORMATION ON THE OFFEROR AND THE TRUSTEE

Information on the Offeror and the Restructuring Exercise as set out in **Appendix 3 to the Offer Document** and information on the Trustee as set out in **Appendix 4 to the Offer Document** is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

APPENDIX 3 – INFORMATION ON THE OFFEROR

1. DIRECTORS

The name, address and description of the sole director of the Offeror as at the Latest Practicable Date is as follows:

Name	Address	Description
Bikramjit Singh Thakral	c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416	Director

2. PRINCIPAL ACTIVITIES

The Offeror is a company incorporated in the British Virgin Islands on 8 April 2009 and its principal activity is that of an investment holding company. On completion of the Restructuring Exercise, it will be wholly owned by Thakral Group Limited (the “Trustee”) as trustee of the S S Thakral Trust.

3. SHARE CAPITAL

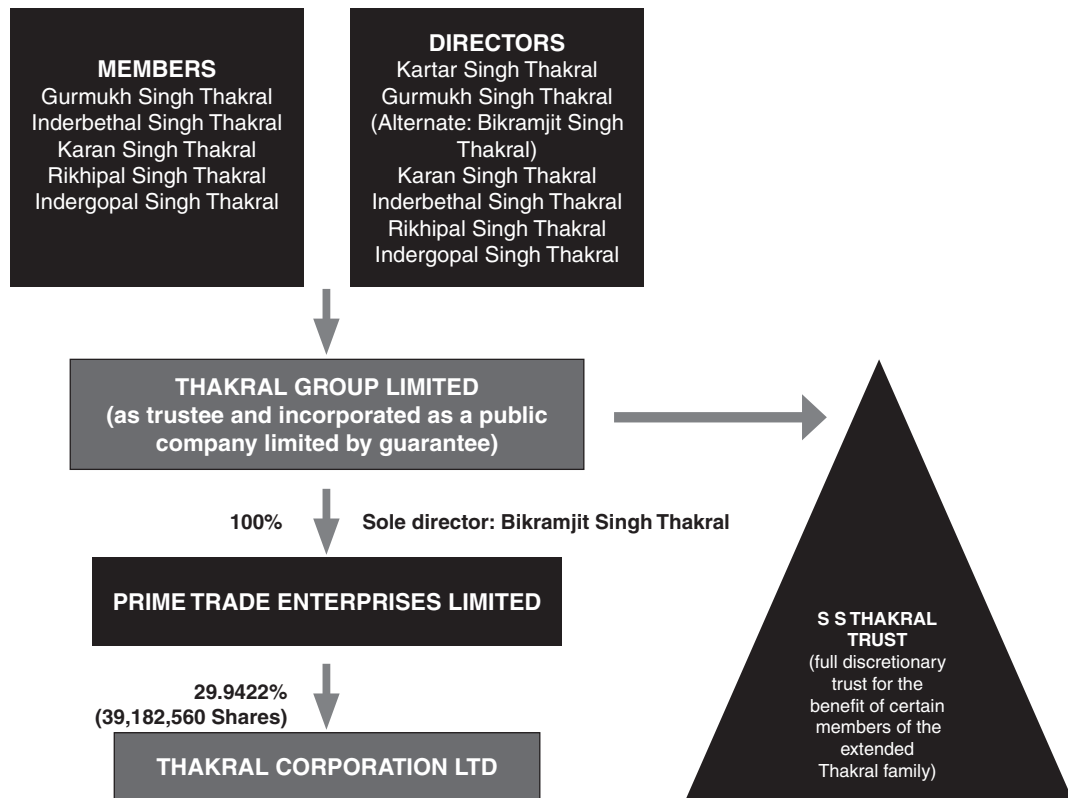
As at the Latest Practicable Date, the Offeror has one (1) share in its share capital with a par value of US\$1.00.

4. RESTRUCTURING EXERCISE

For the purposes of the Partial Offer, the Offeror Group (excluding Mr. Chennoth Divakara Prabhu Rajendran and Mr. Anil Moolchand Daryanani) (the “Thakral Family Entities”) will undertake a restructuring exercise to restructure their respective shareholding interests so that all the Offeror Group Shares held by the Thakral Family Entities will be held by and through the Offeror (the “Restructuring Exercise”). The Restructuring Exercise does not involve the payment of any consideration (save for nominal consideration), and the shareholding interest of the Offeror Group prior to and immediately after completion of the Restructuring Exercise will remain the same. A summary of the Restructuring Exercise is as follows:

- (a) The Trustee, a private trust company, was incorporated in Singapore on 15 February 2019 as a public company limited by guarantee. **Appendix 4** to this Offer Document set out further information on the Trustee. The Trustee will administer the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral family.*
- (b) Bikramjit Singh Thakral will transfer 100% of his shareholding interest in the Offeror to the Trustee at nominal consideration. Thereafter, the Offeror will become wholly-owned by the Trustee.*
- (c) The Thakral Family Entities will transfer 100% of their respective shareholding interests in the Company (being an aggregate of 39,182,560 Shares) to the Offeror at nominal consideration.*

The organisation chart of the Offeror on completion of the Restructuring Exercise is set out as follows:



5. FINANCIAL INFORMATION

Appendix 6 to this Offer Document sets out certain financial information of the Offeror.

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of making and financing the Partial Offer, there has been no material changes to the financial position of the Offeror since 31 December 2018, being the date to which the accounts for the Offeror for the nine-month period ended 31 December 2018 are made up.

7. SIGNIFICANT ACCOUNTING POLICIES

Appendix 7 to this Offer Document sets out the significant accounting policies of the Offeror.

8. REGISTERED OFFICE

The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

APPENDIX 4 – INFORMATION ON THE TRUSTEE

1. DIRECTORS

The name, address and description of the directors of the Trustee as at the Latest Practicable Date are as follows:

Name	Address	Description
<i>Kartar Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>
<i>Gurmukh Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>
<i>Bikramjit Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Alternate Director to Gurmukh Singh Thakral</i>
<i>Karan Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>
<i>Inderbethal Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>
<i>Rikhipal Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>
<i>Indergopal Singh Thakral</i>	<i>c/o 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416</i>	<i>Director</i>

2. PRINCIPAL ACTIVITIES

The Trustee is a private trust company incorporated in Singapore on 15 February 2019 as a public company limited by guarantee. The Trustee will administer the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral family.

3. FINANCIAL INFORMATION

As the Trustee was incorporated on 15 February 2019, no audited financial statements of the Offeror have been prepared to date.

4. SIGNIFICANT ACCOUNTING POLICIES

As no audited financial statements of the Trustee have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of making and financing the Partial Offer, there has been no material changes to the financial position of the Trustee since its incorporation.

6. REGISTERED OFFICE

The registered office of the Trustee is 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416.

4. **RATIONALE FOR THE PARTIAL OFFER AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY**

The full text of the rationale for the Partial Offer and the Offeror's intentions relating to the Company as set out in **Sections 12 and 13 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

12. RATIONALE FOR THE PARTIAL OFFER

12.1. *The Company has recently reported strong growth in its Investment Division, paving the way for a positive future and continuing growth for the Company. Furthermore, in an attempt to increase the overall value of the Company and the Shares, the Company has also heavily invested in its public and investor relations to improve communication with the Shareholders and the investment community by engaging a consultant company to conduct its public and investor relations programme. Despite expanding its investment footprint, reporting strong financial results and adopting measures to extend its positive media coverage, certain members of the Thakral family who form part of the management of the Company (the "**Thakral Family Managers**") have noted that the influence of such activities on the trading liquidity and price of the Shares was not as optimal as the Thakral Family Managers had envisioned.*

12.2. *In light of the above, the Offeror is seeking to acquire a controlling interest in the Company for the following reasons:*

12.2.1. *upon successful close of the Partial Offer, the Offeror Group would be able to obtain better control of the Company, enhance growth and have greater flexibility to pursue certain business decisions that benefit the Company and therefore increase the overall value of the Company;*

12.2.2. *having a majority Shareholder has its advantages, including the following:*

- (a) *a Shareholder with majority control has its incentives relatively well aligned with the Company, and such majority Shareholder would usually have every incentive (in addition to power) to ensure that the management of the Company align their interests with, and does its best in creating value for, all Shareholders;*
- (b) *gives certainty to the strategic direction and corporate actions that the Group proposes to take as long as the management of the Company garner the support of the majority Shareholder;*
- (c) *avoids having the management of the Company effectively supervising itself (which would often be the case in respect of companies with a dispersed shareholder base); and*
- (d) *enables the Company to, with the backing and support of the majority Shareholder, raise funds more expediently for its future growth and expansion plans;*

12.2.3. *in the course of making the Partial Offer, the Offeror is obliged under the Code to provide, and would provide, further information on the direction and plans that it intends to pursue, allowing Shareholders who, for any reason, prefer to exit in exchange for cash through the Partial Offer, to do so and for Shareholders who believe in the direction and plans mapped out by the Offeror to continue as Shareholders;*

12.2.4. *due to the relative illiquidity of the Shares, the Partial Offer presents a good opportunity for Shareholders to realise part of their investment at a premium to the benchmark prices of the Offer Shares while retaining the balance of their equity interest in the Company, which will provide the option to continue to participate in the long-term growth of the Company under the guidance of the Offeror. Further, the ability of Shareholders to tender more than their respective Relevant Percentage (in fact, up to 100%) of their shareholdings in the Company pursuant to the Partial Offer potentially allows such Shareholders to dispose of 100% of their shareholdings in the event there are Relevant Shareholders who do not accept their full entitlement of their respective Relevant Percentage Offer Shares;*

12.2.5. *taking into account the future growth and expansion plans of the Company, the Offeror intends to retain some cash liquidity in order to be able to support the Company in the future should the need arise. Therefore, at this point, the Offeror's preference is not to commit the funds required to acquire 100% of the Company but nevertheless sees the value of strengthening its commitment to the Company by becoming a majority Shareholder; and*

12.2.6. *the Partial Offer allows for the retention of the Company's listing status on the SGX-ST and such continued listing will further enable the Company to provide Shareholders with an ongoing interest in its future financial performance and to remain invested in the long term growth of the Company.*

13. THE OFFEROR'S INTENTIONS FOR THE COMPANY

13.1. **The Offeror's Future Plans for the Company.** *It is the intention of the Offeror to carry on and expand the existing business of the Group and, as at the Latest Practicable Date and save in the ordinary course of business, the Offeror has no intention to:*

13.1.1. *introduce any major changes to the business of the Group;*

13.1.2. *re-deploy the fixed assets of the Group; or*

13.1.3. *discontinue the employment of the employees of the Group.*

However, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interest of the Group.

13.2. **Listing Status and Trading Suspension.** *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Partial Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90.00% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX-ST until such time when the SGX-ST is satisfied that at least 10.00% of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90.00% of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10.00%, the SGX-ST will suspend trading of the Shares at the close of the Offer.*

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10.00%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10.00%, failing which the Company may be removed from the Official List of the SGX-ST. Under the Listing Manual, "public" refers to persons other than: (i) directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiary companies; and (ii) associates of the persons in (i) above.

As the Partial Offer is made for the Offer Shares, which, if successful will result in the Offeror Group holding 50.20% of the Shares in issue as at the Closing Date, the Offeror Group will not, as a result of the Partial Offer, own, control or acquire more than 90.00% of the Shares. Accordingly, Rules 1105 and 724(1) of the Listing Manual will not be invoked solely as a result of the Partial Offer.

It is the current intention of the Offeror to acquire a controlling shareholding interest in the Company and to maintain the listing status of the Company on the SGX-ST following completion of the Partial Offer.

13.3. No Compulsory Acquisition. *Pursuant to Section 215(1) of the Companies Act, where a scheme or contract involving the transfer of all of the shares or all of the shares in any particular class in a company (the "transferor company") to a person (the "transferee") has, within four (4) months after the making of the offer in that behalf by the transferee, been approved as to the shares or as to each class of shares whose transfer is involved by the holders of not less than 90.00% of the total number of those shares (excluding treasury shares) or of the shares of that class (other than shares already held at the date of the offer by the transferee, and excluding any shares in the transferor company held as treasury shares), the transferee may at any time within two (2) months, after the offer has been so approved, give notice to any dissenting shareholder that it desires to acquire his shares. Further, pursuant to Section 215(3) of the Companies Act, where in pursuance of any such scheme or contract, shares in a transferor company are transferred to a transferee or its nominee and those shares together with any other shares in the transferor company held by the transferee at the date of the transfer comprise or include 90.00% of the total number of the shares in the transferor company or of any class of those shares, then the transferee shall within one (1) month from the date of the transfer (unless on a previous transfer in pursuance of the scheme or contract it has already complied with this requirement) give notice of that fact in the prescribed manner to the holders of the remaining shares or of the remaining shares of that class who have not assented to the scheme or contract and any such holder may within three (3) months from the giving of the notice to him require the transferee to acquire the shares in question.*

However, as the Partial Offer is made for the Offer Shares which, if successful, will result in the Offeror Group holding 50.20% of the Shares in issue as at the Closing Date, the Offeror Group will not, as a result of the Partial Offer, acquire 90.00% or more of the Shares in issue (other than those already held by the Offeror, its related corporations or their respective nominees as at the Record Date). Accordingly, the aforesaid rights of compulsory acquisition will not arise as a result of the Partial Offer.

5. NO IRREVOCABLE UNDERTAKINGS

The full text of the intentions of the Shareholders to provide an undertaking for the Partial Offer as set out in **Section 4 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

4. NO IRREVOCABLE UNDERTAKINGS

4.1. *As at the Latest Practicable Date, neither the Offeror nor parties acting in concert with it has received any irrevocable undertaking from any party (including any party acting in concert with the Offeror) to accept or reject the Partial Offer.*

6. FINANCIAL ASPECTS OF THE PARTIAL OFFER

The full text of the financial aspects of the Partial Offer as set out in **Section 14 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

14. FINANCIAL ASPECTS OF THE PARTIAL OFFER

14.1. *The Offer Price represents the following premium over the historical traded prices of the Shares:*

<i>Description</i>	<i>Historical Traded Price⁽¹⁾ of the Shares (S\$)⁽²⁾</i>	<i>Premium of Offer Price over the Historical Traded Price of the Shares (%)⁽³⁾</i>
<i>Last traded price per Share on the Last Trading Date</i>	<i>0.450</i>	<i>11%</i>
<i>VWAP per Share for the one-month period up to and including the Last Trading Date</i>	<i>0.427</i>	<i>17%</i>
<i>VWAP per Share for the three-month period up to and including the Last Trading Date</i>	<i>0.423</i>	<i>18%</i>
<i>VWAP per Share for the six-month period up to and including the Last Trading Date</i>	<i>0.424</i>	<i>18%</i>
<i>VWAP per Share for the 12-month period up to and including the Last Trading Date</i>	<i>0.437</i>	<i>14%</i>

Notes:

(1) *Based on data extracted from Bloomberg L.P. on the Announcement Date.*

(2) *Rounded to the nearest three decimal places.*

(3) *Rounded to the nearest per cent.*

7. DISCLOSURES OF HOLDINGS AND DEALINGS IN RELEVANT SECURITIES

The full text of information relating to the disclosure of holdings and dealings in relevant securities by the Offeror Group as set out in **Section 15 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

15. DISCLOSURE OF HOLDINGS AND DEALINGS

15.1. **Holdings of Relevant Securities.** *As at the Latest Practicable Date, based on the latest information available to the Offeror and save as disclosed in this Offer Document (including **Appendix 8** to this Offer Document), none of the Offeror Group owns, controls or has agreed to acquire any: (a) Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options, awards or derivatives in respect of any Shares or other securities which carry voting rights in the Company (collectively, the “**Relevant Securities**”).*

15.2. **Dealings in Relevant Securities.** *As at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror Group has dealt for value in any Relevant Securities during the Reference Period. For the avoidance of doubt, the Restructuring Exercise relates to the transfer of securities within the Offeror Group only and does not involve the payment of any consideration (save for nominal consideration). The shareholding interest of the Offeror Group prior to and immediately after completion of the Restructuring Exercise remains the same. Further information on the Restructuring Exercise is set out in **Appendix 3** to this Offer Document.*

15.3. **Other Arrangements.** *As at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror Group has:*

15.3.1. *entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Relevant Securities which may be an inducement to deal or refrain from dealing;*

15.3.2. *received any irrevocable commitment to accept the Partial Offer in respect of any Relevant Securities;*

15.3.3. *granted any security interest in respect of any Relevant Securities in favour of any other person, whether through a charge, pledge or otherwise;*

15.3.4. *borrowed any Relevant Securities from any other person (excluding those which have been on-lent or sold); or*

15.3.5. *lent any Relevant Securities to any other person.*

8. TEMPORARY TRADING COUNTER FOR TRADING OF ODD-LOTS

The full text of information relating to the temporary trading counter for trading of odd-lots as set out in **Section 16 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

16. TEMPORARY TRADING COUNTER FOR TRADING OF ODD-LOTS

16.1. **Odd-lots.** *It is likely that odd-lots of the Shares will be created if Relevant Shareholders accept the Partial Offer in respect of all of their Relevant Percentage Offer Shares.*

16.2. Temporary Odd-lot Trading Counter. Arrangements have been made by the Company with the SGX-ST for the establishment of a temporary trading counter for the trading of odd-lots of the Shares in the event that the Partial Offer becomes unconditional in all respects. The SGX-ST confirmed in writing that a temporary trading counter will be established for the period of one (1) month commencing after settlement of the consideration of the Offer Shares, for the trading of board lots of one Share each if the Partial Offer becomes unconditional in all respects. Thereafter, investors can trade in the Unit Share Market of the SGX-ST for any odd-lot Shares. Further details on the temporary trading counter, if applicable, will be announced in due course.

9. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by W Capital Markets as set out in **Section 17 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

17. CONFIRMATION OF FINANCIAL RESOURCES

17.1. W Capital, as financial adviser to the Offeror in connection with the Partial Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Partial Offer.

10. DIRECTORS' INTERESTS AND INTENTIONS

10.1. Interests in Shares

Details of the Directors, including *inter alia*, the Directors' direct and deemed interests in the Shares as at the Latest Practicable Date, are set out in **Appendix 1 to this Circular**.

10.2. Intentions with regard to the Partial Offer

The Directors who hold Shares in the Company, namely, Kartar Singh Thakral, Inderbethal Singh Thakral and Bikramjit Singh Thakral is each a party acting in concert with the Offeror under the Code and will not be eligible to participate in the Partial Offer as a Relevant Shareholder. Thus, each of Kartar Singh Thakral, Inderbethal Singh Thakral and Bikramjit Singh Thakral will not be entitled to accept or approve the Offer in respect of any Shares held by him.

The Unconflicted Directors do not hold any shares in the Company.

10.3. Interests in shares of the Offeror

The Directors' direct and deemed interests in the shares of the Offeror as at the Latest Practicable Date are set out in **Appendix 1 to this Circular**.

11. ADVICE OF THE IFA

11.1. IFA

Provenance Capital has been appointed as the IFA to advise the Unconflicted Directors in respect of the Partial Offer. Shareholders should read the IFA Letter in its entirety and consider carefully the recommendation of the Unconflicted Directors and the advice of Provenance Capital to the Unconflicted Directors before deciding whether to vote on and/or accept or reject the Partial Offer. The IFA's advice is set out in its letter dated 4 April 2019, as set out on pages 29 to 54 of this Circular ("**IFA Letter**").

11.2. Key Factors Taken into Consideration by the IFA

In arriving at its recommendation, Provenance Capital has taken into consideration certain factors, an extract of which is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

In arriving at our recommendation in respect of the Partial Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Partial Offer:

- (a) Market quotation and trading activity of the Shares;*
- (b) Financial analysis of the Group;*
- (c) Historical Share price performance compared to the historical NAV per Share;*
- (d) Comparison with recently completed non-privatisation takeover offers of companies listed on the SGX-ST;*
- (e) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;*
- (f) Dividend track record of the Company; and*
- (g) Other relevant considerations in relation to the Partial Offer.*

11.3. Advice of Provenance Capital

Having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, Provenance Capital has made certain recommendations to the Unconflicted Directors, an extract of which is set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter which is set out in this Circular. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall we are of the view that the financial terms of the Partial Offer are fair and reasonable. Accordingly, we advise the Unconflicted Directors to recommend Shareholders to (a) VOTE IN FAVOUR of the Partial Offer; and (b) ACCEPT the Partial Offer.

Shareholders should note that the Partial Offer is subject to the Acceptance and Approval Conditions and as at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects.

12. RECOMMENDATION OF THE UNCONFLICTED DIRECTORS

12.1. Exemption Relating to Directors' Recommendation

The Unconflicted Directors are considered independent for the purposes of making a recommendation to Shareholders in respect of the Partial Offer. The SIC had on 28 March 2019, confirmed, *inter alia*, that each of Kartar Singh Thakral, Inderbethal Singh Thakral and Bikramjit Singh Thakral is exempted from the requirement to make a recommendation on the Partial Offer to Shareholders, as Kartar Singh Thakral, Inderbethal Singh Thakral and Bikramjit Singh Thakral face irreconcilable conflicts of interests as concert parties of the Offeror. However, they must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Partial Offer.

12.2. Recommendation

The Unconflicted Directors, having considered carefully the terms of the Partial Offer and the advice given by Provenance Capital in the IFA Letter, concur with the advice of Provenance Capital in respect of the Partial Offer (as set out in **Section 11.3 of this Circular** above), and accordingly, recommend that Shareholders VOTE IN FAVOUR of and ACCEPT the Partial Offer.

Shareholders who accept the Partial Offer would continue to participate in the future performance of the Group for their remaining Shares in the Company. Shareholders should note that the future performance of the Shares is dependent on, *inter alia*, the future performance and prospects of the Group and the industries/markets it operates in, economic conditions, general sentiment in, and prevailing conditions of, the equity market.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT ON PAGES 29 TO 54 OF THIS CIRCULAR CAREFULLY IN ITS ENTIRETY BEFORE DECIDING WHETHER TO VOTE ON AND/OR ACCEPT OR REJECT THE PARTIAL OFFER.

SHAREHOLDERS SHOULD NOT RELY ON THE OPINION AND ADVICE OF PROVENANCE CAPITAL AND THE RECOMMENDATION OF THE UNCONFLICTED DIRECTORS AS THE SOLE BASIS FOR DECIDING WHETHER TO VOTE IN FAVOUR OF AND ACCEPT THE PARTIAL OFFER.

12.3. No Regard to Specific Objectives

In making their recommendation, the Unconflicted Directors have not had regard to the general or specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. **Accordingly, the Unconflicted Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

13. OVERSEAS SHAREHOLDERS

13.1. Overseas Shareholders

The availability of the Partial Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or the records of CDP (each, an “**Overseas Shareholder**”), may be affected by the laws of the relevant jurisdictions. Accordingly, any Shareholders not resident in Singapore should inform themselves about, and observe any applicable legal requirements in their own jurisdictions. Overseas Shareholders should refer to **Section 18 to the Offer Document** which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

18. OVERSEAS SHAREHOLDERS

18.1. Overseas Shareholders. *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Partial Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Partial Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document (including the FAA and/or the FAT) to any overseas jurisdictions, the Offeror and W Capital reserve the right not to send this Offer Document (including the FAA and/or the FAT) to such overseas jurisdictions. The availability of the Partial Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Partial Offer is made to all Shareholders including those to whom this Offer Document (including the Relevant Acceptance Forms) has not been, or will not be, sent.*

- 18.2. Copies of the Offer Document, the FAA and/or the FAT.** Any Shareholder (including an Overseas Shareholder) may (subject to compliance with applicable laws) obtain copies of this Offer Document (including the FAA and/or the FAT) and any related documents, during normal business hours up to the Closing Date from RHT Corporate Advisory Pte. Ltd. (if he is a scrip holder) at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, any Shareholder (including an Overseas Shareholder) may (subject to compliance with applicable laws) write to the Offeror at Prime Trade Enterprises Limited c/o RHT Corporate Advisory Pte. Ltd. (if he is a scrip holder) at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document (including the FAA and/or the FAT) and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Business Days prior to the Closing Date.
- 18.3. Notice.** The Partial Offeror and W Capital each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.
- 18.4. Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to: (a) request for this Offer Document (including the FAA and/or the FAT) and/or any related documents; or (b) accept the Partial Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including W Capital, CDP and the Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Partial Offer. In: (i) requesting for this Offer Document (including the FAA and/or the FAT) and/or any related documents; and/or (ii) accepting the Partial Offer, the Overseas Shareholder represents and warrants to the Offeror, W Capital, CDP and the Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdiction.

13.2. Copies of Circular

This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619. Alternatively, an Overseas Shareholder may write to the Registrar at the aforementioned address to request for the Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk (the last date for despatch in respect of such request shall be a date falling five (5) Market Days prior to the Closing Date).

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text of the information relating to CPFIS Investors and SRS Investors as set out in **Section 19 to the Offer Document** has been extracted from the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

19. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

19.1. CPFIS Investors and SRS Investors should receive further information on how to accept the Partial Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

19.2. CPFIS Investors and SRS Investors who wish to accept the Partial Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). Subject to the Partial Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Partial Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).

15. ACTION TO BE TAKEN BY THE RELEVANT SHAREHOLDERS

15.1. Voting on the Partial Offer

The Relevant Shareholders who wish to approve, reject or abstain from voting on the Partial Offer in respect of all or any number of Shares held by them as at the Record Date must abide by the procedures for the voting of the Partial Offer as set out in **Section 8 of and Appendix 2 to the Offer Document** and the Relevant Acceptance Forms.

15.2. Acceptance of the Partial Offer

The Relevant Shareholders who wish to accept fully or partially or decline the Partial Offer in respect of all or any number of Shares held by them as at the Record Date must do so not later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Partial Offer as set out in **Section 8 of and Appendix 2 to the Offer Document** and the Relevant Acceptance Forms.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by The Central Depository (Pte) Limited (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on the Closing Date.

The Relevant Shareholders who do not wish to accept the Partial Offer need not take any further action in respect of the Offer Document and the Relevant Acceptance Forms which have been sent to them.

15.3. Timing for Voting and Acceptance

A Relevant Shareholder may tender Shares for acceptance under the Partial Offer and vote on the Partial Offer at the same time or at separate times but provided that such acceptance and/or votes must be received by the Offeror c/o CDP or the Offeror c/o RHT Corporate Advisory Pte. Ltd. (as the case may be), in each case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date in accordance with the procedures set out in **Appendix 2 to the Offer Document** and the instructions printed on the Relevant Acceptance Forms.

16. NO MATERIAL EFFECT ON FINANCIAL POSITION

Save as disclosed in this Circular and all public announcements made by the Company, the Directors are not aware of any event which has occurred since the last published accounts and/or statement and up to the Latest Practicable Date which may have a material effect on the financial position and results of the Company.

17. ABSTENTION FROM VOTING

The Offeror will abstain, and will procure that each of its associates and parties acting in concert with it will abstain from voting in respect of each of their shareholdings in the Company on the Partial Offer.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Save for the (a) IFA Letter, (b) information extracted from the Offer Announcement and the Offer Document and (c) information relating to the Offeror, the Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate and that no material facts have been omitted from this Circular, which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are, after having made all reasonable enquiries and to the best of their knowledge and belief, fair and accurate in all material aspects.

19. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
Thakral Corporation Ltd

Natarajan Subramaniam
Independent Non-Executive Chairman and Lead Independent Director

IFA LETTER

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

4 April 2019

To: The Unconflicted Directors of Thakral Corporation Ltd
(deemed to be independent in respect of the Partial Offer)

Mr Natarajan Subramaniam (Independent Non-Executive Chairman and Lead Independent Director)
Mr Lee Ying Cheun (Independent Non-Executive Director)
Mr Dileep Nair (Independent Non-Executive Director)

Dear Sirs,

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER FOR THAKRAL CORPORATION LTD BY PRIME TRADE ENTERPRISES LIMITED

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of Thakral Corporation Ltd (“Shareholders”) dated 4 April 2019 (“Circular”).

1. INTRODUCTION

1.1 The Partial Offer

On 4 March 2019 (“**Announcement Date**”), W Capital Markets Pte. Ltd. (“**W Capital**”) announced (“**Offer Announcement**”), for and on behalf of Prime Trade Enterprises Limited (“**Offeror**”), that the Offeror intends to make a voluntary conditional cash partial offer (“**Partial Offer**”) to acquire 26,510,000 ordinary shares in the issued and paid-up share capital (“**Offer Shares**”) of Thakral Corporation Ltd (“**Company**”), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (collectively, the “**Offeror Group**”) in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”) and the Singapore Code on Take-overs and Mergers (“**Code**”).

The Partial Offer is to be made at the offer price of **S\$0.50 in cash** for each Offer Share (“**Offer Price**”).

The Offeror is an investment holding company ultimately owned and controlled by certain members of the Thakral family (“**Thakral Family**”). As at the Announcement Date, the Offeror Group owns, controls or has agreed to acquire 39,188,560 shares (“**Offeror Group Shares**”), representing 29.95% of the total issued and paid-up share capital of the Company comprising 130,860,616 shares of the Company (“**Shares**”). If the Offeror receives by the close of the Offer (“**Closing Date**”) valid acceptances in respect of at least 26,510,000 Offer Shares, the Offeror Group will hold 50.20% of the Shares in issue as at the Closing Date.

The Partial Offer will be subject to the Offeror having received by the Closing Date (i) valid acceptances of at least 26,510,000 Offer Shares which, when taken together with the Offeror Group Shares, will result in the Offeror Group holding 50.20% of the Shares in issue as at the Closing Date; and (ii) approval for the Partial Offer by the relevant Shareholders representing more than 50.00% of the valid votes received (provided that the Offeror, parties acting in concert with it and their respective associates shall abstain from voting) (collectively, “**Acceptance and Approval Conditions**”). The Partial Offer will be unconditional in all other respects.

The Securities Industry Council (“**SIC**”) had, on 31 January 2019, granted its consent to the making of the Partial Offer, subject to the applicable conditions under Rule 16.4 of the Code as set out in Section 3 of the Offer Document.

The Thakral Family intends to own statutory control of the Company through the Partial Offer and retain the listing status of the Company on the SGX-ST.

1.2 Our role as Independent Financial Adviser to the Partial Offer

In connection with the Partial Offer, the Company has appointed Provenance Capital Pte. Ltd. (“**Provenance Capital**”) as the independent financial adviser (“**IFA**”) to the directors of the Company who are considered independent in respect of the Partial Offer (“**Unconflicted Directors**”), for the purpose of making their recommendation to the Shareholders in relation to the Partial Offer.

The board of directors of the Company (“**Directors**”) comprises:

- (a) Mr Kartar Singh Thakral (Executive Director);
- (b) Mr Inderbethal Singh Thakral (Executive Director and Chief Executive Officer);
- (c) Mr Bikramjit Singh Thakral (Alternate Non-Executive Director to Mr Kartar Singh Thakral); and
- (d) members of the Audit Committee, namely, Mr Natarajan Subramaniam (Independent Non-Executive Chairman and Lead Independent Director), Mr Lee Ying Cheun (Independent Non-Executive Director) and Mr Dileep Nair (Independent Non-Executive Director).

Messrs Kartar Singh Thakral, Inderbethal Singh Thakral (“**Inderbethal**”) and Bikramjit Singh Thakral (“**Bikramjit**”) are parties acting in concert with the Offeror as they are members of the Thakral Family. Inderbethal is the son of Mr Kartar Singh Thakral and Bikramjit is the grandson of Mr Kartar Singh Thakral and nephew of Inderbethal.

Accordingly, Mr Natarajan Subramaniam, Mr Lee Ying Cheun and Mr Dileep Nair are considered Unconflicted Directors in respect of the Partial Offer.

This letter (“**Letter**”) is therefore addressed to the Unconflicted Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Partial Offer and our recommendations on the Partial Offer. This Letter forms part of the Circular which provides, *inter alia*, details of the Partial Offer and the recommendations of the Unconflicted Directors on the Partial Offer.

Shareholders should have by now received a copy of the Offer Document dated 22 March 2019, setting out, *inter alia*, the terms and conditions of the Partial Offer. The Offer Document is also available on the SGXNET.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Unconflicted Directors in respect of their recommendation to the Shareholders in relation to the Partial Offer.

We have confined our evaluation and assessment to the financial terms of the Partial Offer, and have not taken into account the commercial risks or commercial merits of the Partial Offer. In addition, we have not been requested to, and we do not express any advice or give any opinion on the merits of the Partial Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Partial Offer nor were we involved in the deliberations leading up to the decision to put forth the Partial Offer to the Shareholders.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and its

subsidiaries (“**Group**”). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 27 March 2019, being the Latest Practicable Date referred to in the Circular. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Partial Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Partial Offer in comparison with any alternative transaction the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group (“**Management**”) and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

The Directors have confirmed, having made all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Partial Offer, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, investment properties, debt instruments and financial assets) and no independent valuation was commissioned by the Company for the purpose of the Partial Offer, although certain assets have been fair valued as at the Company’s financial year end for the financial year ended 31 December 2018 (“**FY2018**”) in connection with the preparation of financial statements in accordance with the accounting policies of the Group. As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group.

The information we had relied on in the assessment of the Partial Offer were based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Partial Offer, as the case may be, which may be released or published after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular. Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, Directors nor any Shareholder may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than for the purpose of the Partial Offer, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Unconflicted Directors for their benefit and deliberation of the Partial Offer. The recommendation made to the Shareholders in relation to the Partial Offer, as the case may be, shall remain the responsibility of the Unconflicted Directors.

Our recommendation to the Unconflicted Directors in relation to the Partial Offer should be considered in the context of the entirety of this Letter and the Circular.

3. THE PARTIAL OFFER

The detailed terms and conditions of the Partial Offer are set out in Section 2 and Appendix 1 to the Offer Document. The key terms of the Partial Offer are set out below for your reference.

Restructuring Exercise of the Thakral Family's interest in the Shares

The details of the Restructuring Exercise are set out in Appendix 3 to the Offer Document, a brief of which is set out below for your reference.

The Offeror is an investment holding company ultimately owned and controlled by certain members of the Thakral Family. For the purpose for the Partial Offer, the Offeror Group (excluding Mr Chennoth Divakara Prabhu Rajendran ("**Mr Rajendran**") and Mr Anil Moolchand Daryanani ("**Mr Daryanani**") ("**Thakral Family Entities**") had restructured their shareholding interests so that all the Offeror Group Shares held by the Thakral Family Entities, totalling 39,182,560 Shares, are held by and through the Offeror prior to the launch of the Partial Offer ("**Restructuring Exercise**").

Mr Rajendran and Mr Daryanani, who hold in total 6,000 Shares, are deemed parties acting in concert with the Offeror and they have been disclosed by the Offeror as part of the Offeror Group. Mr Rajendran is an employee of the Thakral Family group of companies and a director of TPL Investments Pte Ltd which held 493 Shares prior to the Restructuring Exercise and deemed as a party acting in concert with the Offeror. Mr Daryanani is the Chief Financial Officer of the Company and a director of Thakral Investments Limited which held 9,720,639 Shares prior to the Restructuring Exercise and is a party acting in concert with the Offeror. Save for the above, they do not have any familial relationship with the Thakral Family.

Together, the Offeror Group owns, controls or has agreed to acquire 39,188,560 Shares, representing 29.95% of the total issued and paid-up share capital of the Company comprising 130,860,616 Shares.

Accordingly, the remaining Shares which are not already owned, controlled or agreed to be acquired by the Offeror Group (“**Relevant Shares**”) amount to 91,672,056 Shares, representing 70.05% of the total issued and paid-up share capital of the Company.

3.1 Offer Shares

The Partial Offer is made for 26,510,000 Offer Shares not already owned, controlled or agreed to be acquired by the Offeror Group in accordance with Section 139 of the SFA and Rule 16.4 of the Code.

The Partial Offer is extended to all Shareholders other than the Offeror Group (“**Relevant Shareholders**”) as at the Record Date, which the Offeror has determined to be at 5.00 p.m. (Singapore time) on 8 April 2019 (“**Record Date**”), being the 14th day before the Closing Date when the transfer books and register of Members of the Company will be closed for the purposes of determining the entitlements of the Relevant Shareholders to the Partial Offer.

Each Relevant Shareholder is entitled to accept the Partial Offer in respect of his/her minimum entitlement as at the Record Date, which is calculated based on 26,510,000 Offer Shares expressed as a percentage of the Relevant Shares, fractional entitlements to be disregarded (“**Relevant Percentage Offer Shares**”). Based on the above, the Relevant Percentage Offer Shares is approximately **28.9183%**. As an illustration, a Relevant Shareholder holding 10,000 Shares will be entitled to accept the Partial Offer in respect of his/her 2,891 minimum entitlement of the Relevant Percentage Offer Shares.

Acceptance of the Partial Offer and Excess Shares

The Relevant Shareholder may accept the Partial Offer in respect of all or any part of its Relevant Percentage Offer Shares. This entitlement is not transferable.

Each Relevant Shareholder may, in addition, to its Relevant Percentage Offer Shares, tender Shares that are in excess of the number of its Relevant Percentage Offer Shares (“**Excess Shares**”) for acceptance under the Partial Offer. The acceptance by the Offeror of the Excess Shares will be subject to scale back (“**Scale-Back**”) as set out in Appendix 1 to the Offer Document if the acceptance of the Relevant Percentage Offer Shares and tender of the Excess Shares exceed the 26,510,000 Offer Shares which is the subject of the Partial Offer.

3.2 Offer Price

The Offer Price for each Offer Share is **S\$0.50 in cash**.

3.3 No Encumbrances

The Offer Shares are to be acquired:

- (a) fully paid;
- (b) free from all encumbrances as set out in the Offer Document; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (“**Distributions**”) on or after the Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Partial Offer (“**Accepting Shareholder**”) shall be reduced by the amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the

Offer Shares tendered in acceptance of the Partial Offer by such Accepting Shareholder falls, as follows:

- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distributions (“**Books Closure Date**”), the Offer Price shall remain unadjusted for each such Offer Share, as the Offeror will receive the Distributions in respect of such Offer Share from the Company; and
- (ii) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distributions in respect of each Offer Share, as the Offeror will not receive the Distributions in respect of such Offer Share from the Company.

Since the Announcement Date and up to the Latest Practicable Date, we note that the Company has not made or declared any Distribution.

3.4 Acceptance and Approval Conditions

The Partial Offer is subject to the following conditions:

- (a) the Offeror, having received by the Closing Date, valid acceptances of at least 26,510,000 Offer Shares which, when taken together with the Offeror Group Shares, will result in the Offeror Group holding approximately 50.20% of the Shares in issue as at the Closing Date; and
- (b) the Offeror, having received by the Closing Date, approval for the Partial Offer by the Relevant Shareholders representing more than 50.00% of the valid votes received (provided that the Offeror, parties acting in concert with it and their respective associates shall abstain from such voting).

Save for the above Acceptance and Approval Conditions, the Partial Offer is unconditional in all other respects.

In the event the Acceptance and Approval Conditions are not fulfilled by the Closing Date, the Partial Offer will lapse and all Shares tendered will be returned to the Relevant Shareholders not later than 14 days from the lapse of the Partial Offer.

As disclosed in the Offer Document and based on publicly available information as at the Latest Practicable Date, neither the Offeror nor parties acting in concert with it has received any irrevocable undertaking from any party (including any party acting in concert with the Offeror) to accept or reject the Partial Offer.

As at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects.

Relevant Shareholders should read carefully the instructions with regard to the acceptance of the Partial Offer and the approval process for the Partial Offer as set out in the Offer Document. Approval for the Partial Offer will be by voting for the Partial Offer which will be conducted by way of the form of acceptance for the Partial Offer and such votes must be received on or prior to the Closing Date. A separate box will be provided on the form of acceptance for Relevant Shareholders to indicate their vote on the Partial Offer. Relevant Shareholders may vote all or any number of Shares held by them as at the Record Date for or against the Partial Offer.

3.5 Warranty

A Relevant Shareholder who tenders his Shares in acceptance of the Partial Offer will be deemed to warrant that he sells such Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption,

right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing; and (iii) together with all rights, benefits and entitlements attached thereto as at the Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all Distributions on or after the Announcement Date.

3.6 Duration of the Partial Offer

The Partial Offer is open for voting and acceptance by the Relevant Shareholders for at least 28 days from the date of despatch of the Offer Document, unless the Partial Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Partial Offer will close at 5.30 p.m. (Singapore time) on 22 April 2019 (“**Closing Date**”). As disclosed in the Offer Document, **the Offeror has given notice that the Partial Offer will not be revised or be open for voting and acceptance beyond the Closing Date, being 5.30 p.m. (Singapore time) on 22 April 2019, save that such notices shall not be capable of being enforced in a competitive situation.**

3.7 Further details of the Partial Offer

Further details of the Partial Offer, including details on (a) procedures for voting and acceptance of the Partial Offer; (b) settlement of the consideration for the Partial Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Partial Offer; and (d) the right of withdrawal of acceptances of the Partial Offer are set out in Appendix 1 and Appendix 2 to the Offer Document.

3.8 SIC approval

The SIC had, on 31 January 2019, granted its consent to the making of the Partial Offer, subject to the applicable conditions under Rule 16.4 of the Code as set out in Section 3 of the Offer Document.

Shareholders should note that if the Partial Offer becomes or is declared to be unconditional in all respects, the Offeror Group will hold 50.20% of the Shares in issue as at the Closing Date. Accordingly, the Offeror Group will be able to exercise statutory control over the Company and the Offeror Group and parties acting in concert with it will be free, subject to the six-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general offer for the Shares.

4. INFORMATION ON THE OFFEROR GROUP

The Offeror is an investment holding company incorporated in the British Virgin Islands on 8 April 2009. It has one share in its share capital with a par value of US\$1.00. Bikramjit is the sole director of the Offeror.

As disclosed in Section 3 of this Letter, following the Restructuring Exercise, the Thakral Family will through the Offeror own 39,182,560 Shares. This, together with the 6,000 Shares owned by Mr Rajendran and Mr Daryanani who are deemed parties acting in concert with the Offeror, the Offeror Group will own 39,188,560 Shares, representing 29.95% shareholding interest in the Company.

Thakral Group Limited, a private trust company, was incorporated in Singapore on 15 February 2019 as a public company limited by guarantee (the “**Trustee**”). Following the Restructuring Exercise, the Offeror became a wholly-owned subsidiary of the Trustee. The Trustee will administer the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral Family.

The members of the Trustee are Messrs Gurmukh Singh Thakral (“**Gurmukh**”), Inderbethal, Karan Singh Thakral (“**Karan**”), Rikhipal Singh Thakral (“**Rikhipal**”) and Indergopal Singh

Thakral (“**Indergopal**”). The directors of the Trustee are Mr Kartar Singh Thakral, Gurmukh (alternate: Bikramjit), Karan, Inderbethal, Rikhipal and Indergopal. Gurmukh, Karan, Inderbethal and Rikhipal are sons of Mr Kartar Singh Thakral. Indergopal is the grand-nephew of Mr Kartar Singh Thakral and nephew of Gurmukh, Karan, Inderbethal and Rikhipal. Bikramjit is the grandson of Mr Kartar Singh Thakral and the son of Gurmukh.

If the Partial Offer becomes or is declared to be unconditional in all respects, the Offeror Group will hold 50.20% of the total number of Shares in issue as at the Closing Date.

5. INFORMATION ON THE COMPANY AND THE GROUP

The Company has been listed on the Mainboard of the SGX-ST since December 1995.

The principal activity of the Company is that of investment holding. The Group has two core divisions – the Lifestyle Division and the Investment Division.

As disclosed in Appendix 1 to the Circular, the business activities of the Group are as follows:

“The Group’s Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from originating, packaging and managing the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. Taking advantage of the upward trend in the Japanese property sector and the country’s low interest rate, the Group has also expanded its investment footprint to Japan. With the completion of the acquisition of The Riverwalk office property, the Group has extended its property investments to Singapore.

The Group’s Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty and wellness device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar, T3, MTG SIXPAD, Style Seat and Slendertone, skin and hair care brands John Masters Organics, Codage and Institut Karite Paris as well as lifestyle brands Apple and DJI. The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

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

Of the two divisions, the Investment Division is the key profit contributor to the Group and also accounted for the larger proportion of the total assets and net assets of the Group.

As at the Latest Practicable Date, the board of directors of the Company comprises the following:

- (a) Mr Natarajan Subramaniam (Independent Non-Executive Chairman and Lead Independent Director);
- (b) Mr Kartar Singh Thakral (Executive Director);
- (c) Mr Inderbethal Singh Thakral (Executive Director and Chief Executive Officer);
- (d) Mr Lee Ying Cheun (Independent Non-Executive Director);
- (e) Mr Dileep Nair (Independent Non-Executive Director); and
- (f) Mr Bikramjit Singh Thakral (Alternate Non-Executive Director to Mr Kartar Singh Thakral).

As disclosed in Section 1 of this Letter, Mr Kartar Singh Thakral, Inderbethal and Bikramjit are members of the Thakral Family. They are parties acting in concert with the Offeror. We note that none of the Unconflicted Directors have any shareholding interest in the Company.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$72.6 million comprising 130,860,616 Shares. The Company does not hold any treasury shares and does not have any outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Based on the Offer Price of S\$0.50 and the number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is S\$65.43 million.

As at the Latest Practicable Date, the Thakral Family is the controlling shareholder of the Company, holding 39,182,560 Shares representing 29.94% of the total number of issued Shares. Through the Offeror, the Thakral Family is making the Partial Offer with the intention to acquire statutory control of the Company. The Offeror Group, which includes the Thakral Family and parties acting in concert with the Offeror, owns 39,188,560 Shares representing 29.95% shareholding interest in the Company.

Additional information on the Company and the Group is set out in Appendix 5 to the Offer Document.

6. RATIONALE FOR THE PARTIAL OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Partial Offer and the Offeror's intentions for the Company is set out in Section 12 and Section 13 of the Offer Document.

We note the Offeror's rationale for the Partial Offer is to acquire statutory control of the Company representing 50.20% shareholding interest in the Company, which also allows for the retention of the Company's listing status on the SGX-ST. As a major shareholder of the Company, the Thakral Family believes that they will have better control of the Company.

The Partial Offer allows Shareholders who wish to exit their investments in the Shares at a premium above the prevailing market prices through the Partial Offer which is fully paid in cash. At the same time, the Partial Offer provides the option for Shareholders who prefer to realise some of their investments in the Shares while retaining the balance of their equity interests in the Company which continues to be listed on the SGX-ST under the guidance of the Offeror.

It is the intention of the Offeror to carry on and expand the existing business of the Group, and the Offeror presently has no intention to: (i) introduce any major changes to the business of the Group; (ii) re-deploy the fixed assets of the Group; or (iii) discontinue the employment of any of the existing employees of the Group, save in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interest of the Group.

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE PARTIAL OFFER

In evaluating and assessing the financial terms of the Partial Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) Market quotation and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Historical Share price performance compared to the historical NAV per Share;

- (d) Comparison with recently completed non-privatisation takeover offers of companies listed on the SGX-ST;
- (e) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (f) Dividend track record of the Company; and
- (g) Other relevant considerations in relation to the Partial Offer.

7.1 Market quotation and trading activity of the Shares

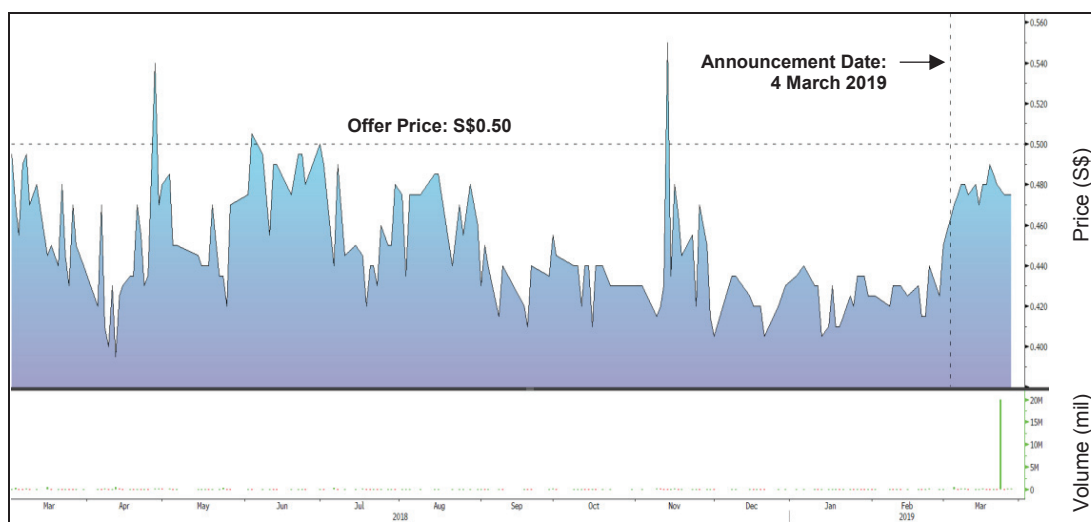
The Company had released its unaudited full year results for FY2018 on 28 February 2019 (Thursday) after trading hours. This was followed by the Company's request for a trading halt on the Shares on 1 March 2019 (Friday). The Offer Announcement was released on 4 March 2019 (Monday) and the Shares resumed trading on 5 March 2019 (Tuesday).

We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 1 March 2018 to 28 February 2019, being the 1-year period prior to the trading halt on the Shares on 1 March 2019, and up to the Latest Practicable Date ("**Period Under Review**").

Share Price Chart

We set out below a chart showing the Offer Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review:

Price movement and trading volume of the Shares for the Period Under Review



Source: Bloomberg L.P.

As can be seen from the share price chart above, the Shares have generally been trading at below the Offer Price of S\$0.50 for the 1-year period prior to the trading halt on 1 March 2019 and the Offer Announcement, except on a few occasions in April, June and November 2018 when the Shares had closed at and above S\$0.50 and up to S\$0.55.

The last transacted Share price on 28 February 2019 prior to the trading halt and the Offer Announcement was S\$0.45.

Following the resumption of trading on 5 March 2019 and up to the Latest Practicable Date, the Shares had traded higher than the last transacted price but below the Offer Price at or around S\$0.480, presumably supported by the Offer Price.

Daily trading volume on the Shares for the one-year period prior to the trading halt on the Shares on 1 March 2019 had generally been low. Post the Announcement Date and up to the Latest Practicable Date, trading liquidity on the Shares remained low.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Offer Price over/ (to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to the trading halt on 1 March 2019</u>							
Last 1 year	0.560	0.355	0.4363	14.6	155	23	0.03
Last 6 months	0.550	0.390	0.4239	18.0	75	12	0.02
Last 3 months	0.450	0.400	0.4235	18.1	40	10	0.01
Last 1 month	0.450	0.415	0.4269	17.1	15	16	0.02
28 February 2019 (the last trading day prior to the Offer Announcement)	0.450	0.425	0.4472	11.8	1	30	0.04
<u>After the Announcement Date and up to the Latest Practicable Date</u>							
From 5 March 2019 to the Latest Practicable Date	0.490	0.465	0.4779	4.6	15	68	0.09
Latest Practicable Date	0.475	0.470	0.4736	5.6	1	96	0.12

Source: Bloomberg L.P.

Notes:

- (1) The VWAP for the respective periods are calculated based the aggregate daily turnover value of the Shares divided by the aggregate daily trading volume of the Shares for the respective periods as extracted from Bloomberg L.P.. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halt/suspension on the Shares) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 77.47 million Shares based on the free float of 59.20% as disclosed in the annual report of the Company for the financial year ended 31 December 2017 ("FY2017").

We observe the following with regard to the share price performance of the Company for the Period Under Review:

- (a) Over the 1-year period prior to the trading halt leading to the Offer Announcement, the Shares have traded between a low of S\$0.355 and a high of S\$0.560. The Offer Price represents a premium of S\$0.145 (or 40.8%) above the lowest transacted Share price and a discount of S\$0.060 (or 10.7%) to the highest transacted Share price;

- (b) The Offer Price represents a premium of 14.6%, 18.0%, 18.1% and 17.1% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the trading halt on the Shares on 1 March 2019 respectively;
- (c) The Offer Price represents a premium of 11.8% above the VWAP of the Shares of S\$0.4472 on 28 February 2019, being the day when the Shares were last transacted prior to the release of the Offer Announcement; and
- (d) Since the Offer Announcement and up to the Latest Practicable Date, the Shares had traded between S\$0.465 and S\$0.490. The Shares were last transacted at S\$0.475 on 27 March 2019, being the Latest Practicable Date. The Offer Price represents a premium of 5.3% above the last transacted price as at the Latest Practicable Date.

We observe the following with regards to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the trading halt and the Offer Announcement, there were trading done on the Shares on most days during the period. However, the average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the trading halt and the Offer Announcement was low, representing 0.03%, 0.02%, 0.01% and 0.02% of the free float of the Shares respectively; and
- (ii) During the period following the release of the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares remained low at approximately 68,271 Shares, representing 0.09% of the free float of the Shares.

7.2 Financial analysis of the Group

7.2.1 Financial performance of the Group

The Company has two core divisions, that is, the Lifestyle Division and the Investment Division. Of the two divisions, the Investment Division is the key profit contributor to the Group and also accounted for the larger proportion of the total assets and net assets of the Group.

Overall, the Group has been profitable for the last 3 financial years ended 31 December 2016 (“FY2016”), FY2017 and FY2018, achieving significant profits in FY2017 and FY2018 as shown in the table below. Profit attributable to equity holders of the Company as a proportion of the total profit for the year had varied significantly during these 3 years depending on the Group’s share of its interests in the various operating subsidiaries in the Investment Division. The Lifestyle Division is mainly operated through the Group’s wholly-owned subsidiaries.

The Group’s profits were contributed mainly by the Investment Division as the Lifestyle Division had been incurring losses throughout the 3 financial years as shown in the breakdown of the segmental results below:

S\$'000	FY2016	FY2017 (restated)	FY2018
Profit for the year	3,444	39,706	20,239
Profit attributable to:			
Equity holders of the Company	423	37,748	9,297
Non-controlling interests	3,021	1,958	10,942
<u>Segmental results</u>			
- Investment Division	19,505	52,447	40,479
- Lifestyle Division	(6,571)	(1,255)	(5,652)
- Others	(1,452)	(1,309)	(1,155)
	11,482	49,883	33,672

S\$'000	FY2016	FY2017 (restated)	FY2018
Less: unallocated and other expenses	(8,038)	(10,177)	(13,433)
Profit for the year	3,444	39,706	20,239

Source: Company's annual report for FY2017 and the unaudited financial results of the Group for FY2018

Unlike the Lifestyle Division, the segmental results of the Investment Division were affected by the following items which had a material impact on its results from year to year as show in the table below:

S\$'000	FY2016	FY2017 (restated)	FY2018
<u>Investment Division</u>			
Segment operating results	27,223	25,588	33,989
Valuation loss on investment properties	(7,318)	(6,883)	(7,072)
Gain on disposal of assets held for sale	-	33,858	-
Share of profit/(loss) of associate and joint ventures	(400)	(116)	13,562
Segmental results	19,505	52,447	40,479

Source: Company's annual report for FY2017 and the unaudited financial results of the Group for FY2018

Historical Price-earnings Ratio ("PER") implied by the Offer Price

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

Based on the profit attributable to the equity holders of the Company of S\$9.30 million for FY2018, the implied PER based on the Offer Price is **7.0** times.

The above PER is determined based on the amalgamated earnings of the Group which has two distinct business divisions. However, as the Lifestyle Division had been incurring losses, the computation of PER for this division is not meaningful. The Investment Division could also be subject to significant swings in its financial performance from year to year depending on, *inter alia*, gains and losses on disposal of assets and valuation gains and loss on its investment properties.

Hence, overall, we are of the opinion that an earnings based approach in assessing the valuation of the Group implied by the Offer Price may not be appropriate.

7.2.2 Financial Position of the Group

Based on the latest unaudited results announcement of the Group for FY2018, the statement of financial position of the Group as at 31 December 2018 is set out below:

S\$'000	As at 31 December 2018
ASSETS	
Current assets	
Cash and bank balances	11,510
Trade receivables	10,065
Other receivables and prepayments	7,623
Debt instruments measured at fair value through income statement	18,540
Inventories	24,180
	71,918
Non-current assets	
Other receivables	1,695
Debt instruments measured at fair value through income statement	53,349
Property, plant and equipment	3,492
Investment properties	66,489
Associate	28,373
Joint ventures	4,182
Financial assets measured at fair value through income statement	44,744
	202,324
Total assets	274,242
LIABILITIES AND EQUITY	
Current liabilities	
Trade and bill payables	3,999
Trust receipts	10,968
Bank and other borrowings	24,933
Other payables	16,789
Provision	2,706
Income tax payable	3,082
	62,477
Non-current liabilities	
Bank and other borrowings	19,419
Deferred tax liabilities	10,593
	30,012
Total liabilities	92,489
Equity attributable to equity holders of the Company	132,142
Non-controlling interests	49,611
Total equity	181,753
Net asset value ("NAV") and net tangible assets ("NTA") of the Group	132,142,000
Number of issued Shares as at 31 December 2018	130,860,616
NAV/NTA per Share (S\$)	1.0098

Source: Company's unaudited financial results of the Group for FY2018

Assets

As at 31 December 2018, the Group has total assets of S\$274.2 million comprising current assets of S\$71.9 million (26.2% of total assets) and non-current assets of S\$202.3 million (73.8% of total assets).

The main current assets of the Group comprise mainly inventories of S\$24.2 million (33.6% of current assets), current portion of debt instruments measured at fair value through income statement of S\$18.5 million (25.8% of current assets) and cash and bank balances of S\$11.5 million (16.0% of current assets).

The main non-current assets of the Group comprise mainly investment properties of S\$66.5 million (32.9% of non-current asset), non-current portion of debt instruments measured at fair value through income statement of S\$53.3 million (26.4% of non-current assets) and financial assets measured at fair value through income statement of S\$44.7 million (22.1% of non-current asset).

We note and understand from Management that the Group's Investment Division had investment property assets, investments in associate and joint ventures, debt instruments and financial assets that accounted for bulk of the Group's total assets as at 31 December 2018. These assets amounted to, in aggregate, S\$215.7 million, representing 78.6% of total assets as at 31 December 2018.

In accordance with the Group's accounting policy, the Group's investment properties are stated at their estimated fair values. The fair values of the Group's investment properties located in the People's Republic of China and Singapore have been determined on the basis of valuations carried out at year end by independent professional valuers, and the fair values of the Group's investment properties located in Australia have been determined by Management based on discounted cash flows.

The investments in associate and joint ventures are accounted for using the equity method.

Debt instruments are in relation to loans extended to third parties and joint venture entities for development projects in Australia. These debt instruments generally earn fixed interest income on the principal amount and variable returns determinable at completion of the project. These debt instruments are fair valued based on Management's estimates after considering, *inter alia*, the projected profits, discount rates, sales risk, construction risks, settlement default risks and delay risks. The fair value is also dependent on the progress of the projects and any indicators of project cost over-runs and losses that may affect the counterparties' ability to repay the debt instruments.

Financial assets are in relation to unquoted investments in companies. These financial assets are fair valued based on the Group's share of the net asset value of the investee companies. These investee companies' main assets are in offices, hotels and retail buildings in Japan which are leased to external parties. The fair values of these buildings have been determined on the basis of valuations carried out by external independent professional valuers.

Liabilities and Equity

As at 31 December 2018, total liabilities of the Group amounting to S\$92.5 million comprise mainly current liabilities of S\$62.5 million (67.6% of total liabilities) and non-current liabilities of S\$30.0 million (32.4% of total liabilities). Of the total liabilities, bank and other borrowings of S\$44.4 million (48.0% of total liabilities) constitute the largest component, followed by other payables of S\$16.8 million (18.2% of total liabilities).

Total equity of the Group as at 31 December 2018 was S\$181.8 million, of which S\$49.6 million (27.3%) was attributable to non-controlling interests and S\$132.1 million (72.7%) was attributable to equity holders of the Company.

Accordingly, the NAV of the Group as at 31 December 2018 was S\$132.1 million, representing NAV per Share of S\$1.0098 based on 130,860,616 Shares as at 31 December 2018. As the Group does not have any intangible assets, its NAV is the same as its NTA.

There is no change to the number of issued Shares as at the Latest Practicable Date.

Price-to-NAV (“P/NAV”) ratio implied by the Offer Price

The net asset backing of the Group is measured by its NAV or NTA value.

The NAV and NTA based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NAV and NTA based valuation approach shows the extent to which the value of each Share is backed by the Group’s tangible and intangible assets. NTA is derived by deducting intangible assets from the NAV and the NTA based valuation approach shows the extent to which the value of each Share is backed by its net tangible assets.

The P/NAV ratio implied by the Offer Price is **0.5 times** based on the NAV per Share of S\$1.0098 as at 31 December 2018. As analysed above, the Group has no intangible assets. Hence, the NTA of the Group is equivalent to its NAV.

As discussed in Section 7.2.1 above, an earnings approach in assessing the valuation of the Group (implied by the Offer Price) is not appropriate. We have therefore considered the asset backed approach in assessing the valuation of the Group (implied by the Offer Price). The asset backed approach based on the P/NAV ratio is a more meaningful approach to assess the valuation of the Group (implied by the Offer Price) in view of the significant asset holdings by the Group comprising the investment properties, debt instruments and financial assets, which have been fair valued as at the financial year end of the Company in accordance with the accounting policies of the Group as described above.

In our evaluation of the financial terms of the Partial Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2018, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV as at 31 December 2018.

In respect of the above, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, and save for the announcements made by the Company since 31 December 2018 to the Latest Practicable Date:

- (a) there are no material differences between the realisable value of the Group’s assets and their respective book values as at 31 December 2018 which would have a material impact on the NAV of the Group;
- (b) other than that already provided for or disclosed in the Group’s financial statements as at 31 December 2018, there are no other contingent liabilities (save for corporate guarantees provided in the ordinary course of business of the Group), bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might

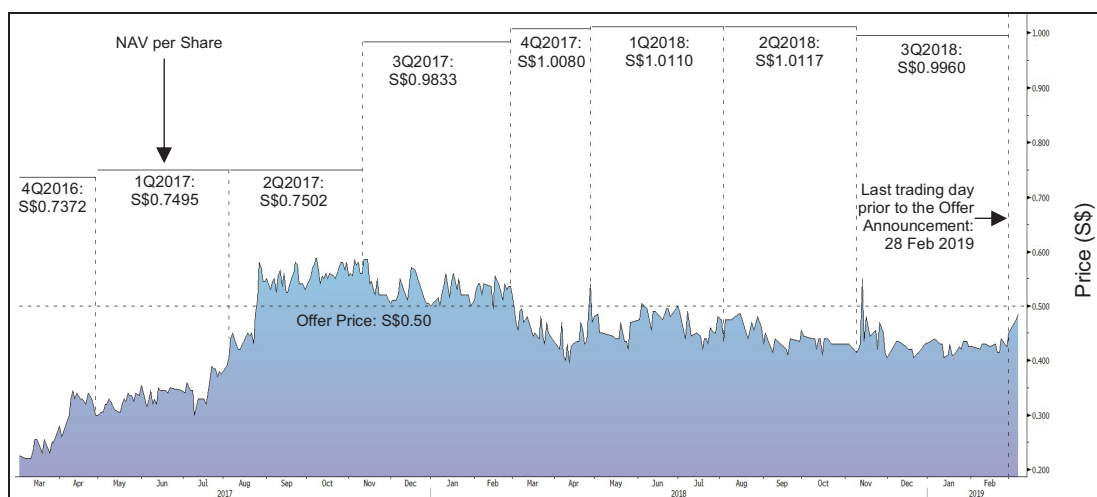
materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

- (d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions and disposals of assets by the Group between 31 December 2018 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

7.3 Historical Share price performance compared to the historical NAV per Share

We note that the Shares have historically been trading at significant discounts to the reported NAV per Share. In this regard, we have assessed the reported historical NAV per Share based on the quarterly financial statements of the Group and compare them against the Share price performance over the last 2 years from 1 March 2017 to 28 February 2019, being the last trading day prior to the Offer Announcement:

Share price vs historical NAV per Share



Source: Bloomberg L.P. and the Company's announcements relating to the unaudited financial results of the Group for the relevant periods

	Discount of the average Share price to the NAV per Share for the relevant period (%)
Maximum	62.2
Minimum	28.9
Mean	51.8
Median	54.8
The Company (as implied by the Offer Price)	50.5

From the above observation, we note that:

- (a) the Shares have been trading at significant discounts to the respective reported NAV per Share for the relevant periods, at an average discount of 51.8%; and

- (b) the discount of 50.5% implied by the Offer price to the NAV per Share as at 31 December 2018 is slightly lower than the mean and median discounts of the average Share price to the NAV per Share for the relevant periods, as the Offer Price is higher than the historical traded Share prices.

7.4 Comparison with recently completed non-privatisation takeover offers of companies listed on the SGX-ST

The Partial Offer allows for the retention of the Company's listing status on the SGX-ST as it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST.

Therefore, in our assessment on the reasonableness of the Offer Price, we have attempted to compare recently completed partial offers of companies listed on the SGX-ST. However, there were no partial offers completed in the last 4 years since March 2015. Hence, we have compared the financial terms implied by the Offer Price with selected completed takeover offers in cash for companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) that were announced since January 2017 and completed as at the Latest Practicable Date, where the offeror has indicated similar intentions to preserve the listing status of the offeree company and these companies continued to be listed after the close of their respective offers ("**Non-Privatisation Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the offeree companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the respective transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the NAV of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or NTA of the respective target companies.

We wish to highlight that the target companies listed in the Non-Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular Non-Privatisation Transaction varies in different specific circumstances depending on, *inter alia*, factors such as the intention of the offeror, the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Non-Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over/(to)			Price-to-NTA / NAV (times)
			Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	
Healthway Medical Corporation Limited	Healthcare management	07 Feb 2017	2.4	8.9	15.0	0.7 ⁽¹⁾
International Healthway Corporation Limited	Provides, develops and manages healthcare services	16 Feb 2017	0.0	14.0	20.5	1.1 ⁽²⁾
CMC Infocomm Limited	Provider of integrated communication solutions and services	07 May 2017	18.8	34.6	30.5	1.7 ⁽³⁾
Cityneon Holdings Limited	Provider of events management and exhibition services, design and build services for museums and galleries and interior architecture services	12 May 2017	(5.4)	0.6	3.9	3.2 ⁽⁴⁾⁽¹⁴⁾
United Engineers Limited	Property, engineering and distribution, and manufacturing businesses	13 Jul 2017	7.9 ⁽¹⁵⁾	11.5 ⁽¹⁵⁾	12.8 ⁽¹⁵⁾	0.9 ⁽⁵⁾
Blumont Group Limited	Investment holding, sterilisation, property, mineral and energy resources	24 Aug 2017	(81.8)	(87.9)	(86.0)	0.6 ⁽⁶⁾
Mary Chia Holdings Limited	Provision of lifestyle and wellness services	24 Aug 2017	68.2	93.0	96.1	2.8 ⁽⁷⁾⁽¹⁴⁾
BRC Asia Limited	Building construction and manufacture of basic iron and steel	08 Sep 2017	33.1 ⁽¹⁶⁾	30.3 ⁽¹⁶⁾	35.3 ⁽¹⁶⁾	0.8 ⁽⁸⁾
New Wave Holdings Ltd.	Aluminum products distribution and components distribution	20 Oct 2017	44.4	38.0	9.0	0.9 ⁽⁹⁾
TMC Education Corporation Ltd.	Provides commercial, academic, and technical education and providing expertise in setting up and administering schools	14 Dec 2017	68.8	50.0	29.8	1.5 ⁽¹⁰⁾
CH Offshore Ltd.	Offshore support service provider in oil and gas	26 Jul 2018	0.0	(11.0)	(11.6)	0.5 ⁽¹¹⁾
Chew's Group Limited	Food products	22 Aug 2018	26.2 ⁽¹⁷⁾	30.9 ⁽¹⁷⁾	33.4 ⁽¹⁷⁾	1.2 ⁽¹²⁾
Sunrise Shares Holding Ltd.	Trading and distribution of electrical products, the manufacture and assembly of electrical distribution and control equipment, and the provision of property consultancy and management services in the real estate and hospitality industries	6 Dec 2018	21.4	30.8	36.0	0.3 ⁽¹³⁾
High			68.8	93.0	96.1	3.2
Low			(81.8)	(87.9)	(86.0)	0.3
Mean			15.7	18.7	17.3	0.9
Median			18.8	30.3	20.5	0.9

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over/(to)			Price-to-NTA / NAV (times)
			Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	
Company (implied by the Offer Price)		4 Mar 2019	11.1	17.1	18.1	0.5 (based on NAV as at 31 Dec 2018)

Source: SGX-ST announcements and circulars to shareholders in relation to the Non-Privatisation Transactions

Notes:

- (1) Based on the NAV per share of Healthway Medical Corporation Limited as at 31 December 2016;
- (2) Based on the revalued NTA per share of International Healthway Corporation Limited as at 30 September 2016;
- (3) Based on the NTA per share of CMC Infocomm Limited as at 30 November 2016;
- (4) Based on the NAV per share of Cityneon Holdings Limited as at 31 December 2016;
- (5) Based on the NTA per share of United Engineers Limited as at 30 June 2017;
- (6) Based on the revalued NTA per share of Blumont Group Limited as at 30 June 2017;
- (7) Based on the revalued NAV per share of Mary Chia Holdings Limited as at 31 March 2017;
- (8) Based on the revalued NAV per share of BRC Asia Limited as at 30 June 2017;
- (9) Based the revalued NTA per share of New Wave Holdings Limited as at 30 September 2017;
- (10) Based on adjusted NTA per share of TMC Education Corporation Ltd. as at 30 June 2017;
- (11) Based on the revalued NAV per share of CH Offshore Ltd. as at 30 June 2018;
- (12) Based on the adjusted NAV per share of Chew's Group Limited as at 31 March 2018;
- (13) Based on the NAV per share of Sunrise Shares Holding Ltd. as at 30 June 2018;
- (14) Excluded as statistical outlier in the mean and median computations;
- (15) The premia was computed based on United Engineers Limited's share prices and traded volumes of the shares of the respective periods prior to and including 26 September 2016, being the undisturbed share price date prior to the joint announcement by OCBC and Great Eastern Holdings Limited;
- (16) The premia was computed based on BRC Asia Limited's share prices and traded volumes of the shares of the respective periods prior to the holding announcement on 30 May 2017; and
- (17) The VWAPs of Chew's Group Ltd used for the calculation have been weighted based on the average traded prices (as adjusted for the dividends declared on 21 March 2018 and 26 September 2018) and traded volumes of the shares during the relevant trading days for each of the respective periods prior to the termsheet announcement on 8 June 2018.

Based on the above, we note that:

- (a) The premia implied by the Offer Price over the last transacted price and VWAP for the 1-month period prior to the Announcement Date are within the range and lower than the mean and median of the corresponding premia of the Non-Privatisation Transactions. The premium implied by the Offer Price over the VWAP for the 3-month period prior to the Announcement Date is within the range, higher than the mean but lower than the median of the corresponding premium of the Non-Privatisation Transactions; and

- (b) The P/NAV ratio of 0.5 times implied by the Offer Price is within the range and lower than the mean and median of the corresponding Price-to-NAV/NTA ratios of the Non-Privatisation Transactions.

It should be noted that the above Non-Privatisation Transactions are not partial offers as in the case of the offer for the Company. In addition, the companies that are the subject of the takeover offers in these Non-Privatisation Transactions are not directly comparable to the Group as they are engaged in business activities which are in various industries. As such, Shareholders should note that the above comparison with the Non-Privatisation Transactions is purely for illustrative purposes only.

7.5 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

As discussed in Section 7.2.1 of this Letter, the Group's main profit contributor is from its Investment Division and the Group can also be considered as an asset-backed company in view of its significant asset holdings. Therefore, for the purpose of assessing the Offer Price, we have attempted to compare the P/NAV ratio of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST that are involved in businesses which can be considered as broad proxies to the principal business of the Investment Division of the Group, that is, listed companies that are engaged in, *inter alia*, property investments ("**Comparable Peer Companies**"). For a meaningful comparison, we have selected Comparable Peer Companies with a market capitalisation of S\$1,000 million and below as at the Announcement Date as broad proxies to the Group. There are seven such Comparable Peer Companies.

We have had discussions with Management about the suitability and reasonableness of the selected Comparable Peer Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Peer Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Comparable Peer Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Peer Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Peer Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Peer Companies, as extracted from Bloomberg L.P. is set out below:

Company name	Principal Business
Hong Fok Corporation Limited (" Hong Fok ")	Hong Fok is an investment holding company whose principal activities consist of property investment, property development, property management, and investment trading.
Tuan Sing Holdings Limited (" Tuan Sing ")	Tuan Sing is an investment holding company with interest mainly in property development, property investment and hotel ownership.
Lian Beng Group Limited (" Lian Beng ")	Lian Beng provides building construction and civil engineering services for both the private and public sectors. The Group also sells, leases, and maintains construction machinery and equipment, and develops and invests in properties.

Company name	Principal Business
MYP Ltd (“MYP”)	MYP, through its subsidiary, engage only in the business of property investment.
Hwa Hong Corp Limited (“Hwa Hong”)	Hwa Hong is an investment holding company. The subsidiary companies are primarily engaged in property rental investment and development and investment holding.
Second Chance Properties Limited (“Second Chance”)	Second Chance is involved in 4 core businesses, namely, property investment, investing and trading in financial instruments, retailing of apparel and retailing of gold jewellery.
Pollux Properties Ltd (“Pollux”)	Pollux is engaged in development of residential and commercial properties and property investment.

Source: Bloomberg L.P. and annual reports of the respective companies

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the selected Comparable Peer Companies using the P/NAV ratio or NAV approach to show the extent to which the value of each share is backed by its net assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

Company name	Last financial year end	Market capitalisation as at the Announcement Date (S\$ million)	P/NAV ⁽¹⁾ (times)
Hong Fok	31 Dec 2018	631.2	0.3
Tuan Sing	31 Dec 2018	462.7	0.4
Lian Beng	31 May 2018	249.8	0.4
MYP	31 Mar 2018	194.3	0.6
Hwa Hong	31 Dec 2018	192.5	1.0
Second Chance	31 Aug 2018	169.9	0.7
Pollux	31 Mar 2018	63.5	0.3

High	1.0
Low	0.3
Mean	0.5
Median	0.4

Company (implied by the Offer Price)	31 Dec 2018	65.4	0.5 (based on NAV as at 31 Dec 2018)
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Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Peer Companies as at Announcement Date

Note:

- (1) The P/NAV ratios of the Comparable Peer Companies are computed based on (a) their market capitalisations as at the Announcement Date; and (b) their NAV values as set out in their latest available published financial statements as at the Announcement Date.

Based on the above, we note that the historical P/NAV ratio of 0.5 times implied by the Offer Price is within the range of the P/NAV ratios of the Comparable Peer Companies, at the mean and slightly above the median P/NAV ratios of the Comparable Peer Companies.

Shareholders should also note that the above comparison with the Comparable Peer Companies is purely for illustrative purposes only.

7.6 Dividend track record of the Company

We set out below information on the dividends per Share declared by the Company in respect of the last three financial years and up to the Latest Practicable Date:

Cash dividends declared (S\$)	FY2016	FY2017	FY2018
Tax-exempt (one-tier) interim dividend per Share	0.02	0.02	0.02
Tax-exempt (one-tier) second interim dividend per Share	-	-	0.02
Tax-exempt special interim dividend per Share	-	0.03	-
Total	0.02	0.05	0.04
Average Share price ⁽¹⁾ (S\$)	0.213	0.406	0.465
Dividend yield ⁽²⁾ (%)	9.38	12.31	8.59

Source: Bloomberg L.P., Company's annual reports and announcements on SGXNET

Notes:

- (1) Based on the daily closing price of the Shares for the respective financial year; and
- (2) Computed based on total dividends per Share divided by the average Share price for the respective financial year.

Based on the above, we note that the Company had declared and paid dividends for the last three financial years with the total dividend per Share declared per annum ranging from S\$0.02 to S\$0.05, representing dividend yields ranging from 8.59% to 12.31% per annum.

On the assumption that the Company maintains its dividend track record, then staying invested in the Shares will result in an attractive dividend yield. As an illustration, in comparison, the average dividend yield of shares of SGX-ST listed companies which had paid dividends (excluding real estate investment trusts, business trusts and exchange-traded funds) is 6.0%⁽⁷⁾ for 2018.

* *Source: Bloomberg L.P.*

For the current financial year commencing from 1 January 2019 and up to the Latest Practicable Date, we note that as at the Latest Practicable Date, the Company has not released its results announcement for the first quarter ending 31 March 2019 and has not made or declared any interim dividends or other distribution during this period.

As disclosed in the Company's latest annual report for FY2017, the Company maintains a flexible dividend policy with having sufficient cash on hand as one of its critical considerations. Pay-out is based on overall cash and financial position, and future operational and investment needs.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in the past periods.

7.7 Other relevant considerations in relation to the Partial Offer

7.7.1 Conditional Offer

As highlighted in Section 3.4 of this Letter, the Partial Offer is subject to the Acceptance and Approval Conditions. If either one of these conditions is not fulfilled by the Closing Date, the Partial Offer will lapse and all Shares tendered will be returned to the Relevant Shareholders.

Save for the Acceptance and Approval Conditions, the Partial Offer is unconditional in all respects.

As at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects.

As disclosed in the Offer Document, the Offeror has given notice that the Partial Offer will not be revised and has also given the shut-off notice for the Partial Offer to close on 22 April 2019.

7.7.2 If the Partial Offer becomes unconditional in all respects

If the Partial Offer becomes unconditional in all respects, then the Offeror Group which is controlled by the Thakral Family will own statutory control of the Company representing 50.20% of the total number of Shares issued as at the Closing Date.

The Offeror Group will be able to pass all ordinary resolutions of the Company, except where such resolutions pertain to Interested Person Transactions (as defined in the Listing Manual of the SGX-ST) where the Offeror Group and its associates are deemed as Interested Persons (as defined in the Listing Manual of the SGX-ST) in the proposed transactions and will have to abstain from voting on these proposed transactions.

7.7.3 Moratorium on further purchases of Shares

Pursuant to the SIC approval for the Partial Offer, under Rule 16.4 of the Code, the Offeror had undertaken to the SIC that the Offeror and its concert parties will not acquire any voting Shares (excluding voting shares acquired by the Offeror and its concert parties via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings) in the Company during a period of 6 months after the Closing Date, if the Partial Offer becomes unconditional as to acceptances.

Subsequent to the above 6-month moratorium and after the Partial Offer become unconditional, the Offeror Group and parties acting in concert with it, will be free to acquire further Shares without incurring any obligation to make a general offer for the Shares.

7.7.4 Likelihood of competing offers

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Partial Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

We also note that the Company was founded by and named after the Thakral Family. The Partial Offer will enable the Thakral Family to consolidate their control further in the Company.

7.7.5 The Company will stay listed on the SGX-ST after the close of the Partial Offer

It is the intention of the Offeror to retain the Company's listing status on the SGX-ST. Hence, the Partial Offer and not a full offer for all the remaining Shares not already owned or controlled by the Offeror Group.

The Partial Offer allows Shareholders who wish to exit their investments in the Shares at a premium above the market prices to do so through the Partial Offer which will be fully paid in cash. At the same time, the Partial Offer provides the option for Shareholders who prefer to realise some of their investments in the Shares while retaining the balance of their equity interests in the Company which continues to be listed on the SGX-ST, under the guidance of the Offeror.

Shareholders will therefore have the option to tender all or part of their Shares, subject to the Acceptance Condition as set out in Section 2.5 of the Offer Document.

As an illustration, a Shareholder holding 10,000 Shares will be entitled to accept the Partial Offer in respect of his 2,891 minimum entitlement of the Relevant Percentage Offer Shares. If

the Shareholder accepts his full entitlement in the Partial Offer, he would have realised approximately 28.9183% of his holdings in the Shares at the Offer Price of S\$0.50 in cash and retain approximately 71.0817% of his holdings of the Shares which continued to be listed and traded on the SGX-ST.

Shareholders who do not wish to stay invested in the Shares could potentially tender all his Shares in the Partial Offer. However, the ability of the Shareholders to tender more than their respective Relevant Percentage of up to 100% of their holdings in the Shares (that is, the Excess Shares) will depend on other Shareholders who do not accept their respective full entitlements.

Similarly, in the event that more than 26,510,000 Offer Shares are tendered for acceptance pursuant to the Partial Offer, then the acceptance by the Offeror of the Excess Shares will be subject to the Scale-Back as set out in Appendix 1 to the Offer Document.

It is important to note that, as pointed out in Section 7.7.1 above, both the Acceptance and Approval Conditions must be fulfilled by the Closing Date in order for the Partial Offer to become unconditional in all respects.

7.7.6 Commentary by the Company in the results announcement for FY2018

The Company had made the following comments in relation to its business outlook in its results announcement for FY2018:

“The slowdown in the housing markets in Sydney and Melbourne is continuing while overseas property buyers and interstate migration are expected to drive growth in Brisbane in 2019. The Investment Division has been reducing focus on housing development projects for some time now and is concentrating on growing the GemLife retirement resorts business, which offers more stable longer-term prospects. Osaka, Japan continues to see strong growth and tightening of vacancy rates. The Group will look to add on some properties to its portfolio and possibly also realize profits in one or two of the properties if our targeted price levels are achieved.

China’s economic expansion of 6.6% in 2018 was the slowest since 1990 and economists forecast it to slow further to about 6.2% growth in 2019. The trade conflict with the US is disrupting China’s trade sector and dampening business and consumer confidence. Slowing global demand is a further overhang on the economy. The Lifestyle Division continues to work towards returning to profitability and will build on the progress of its Beauty and Wellness products business in China, with opportunities to launch international fragrance brands in 2019 and 2020. However, the general environment for the Lifestyle Division in 2019 is expected to continue to be challenging.”

8. OUR RECOMMENDATION TO THE UNCONFLICTED DIRECTORS ON THE PARTIAL OFFER

In arriving at our recommendation in respect of the Partial Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Partial Offer:

- (a) Market quotation and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Historical Share price performance compared to the historical NAV per Share;
- (d) Comparison with recently completed non-privatisation takeover offers of companies listed on the SGX-ST;

- (e) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (f) Dividend track record of the Company; and
- (g) Other relevant considerations in relation to the Partial Offer.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall we are of the view that the financial terms of the Partial Offer are fair and reasonable. Accordingly, we advise the Unconflicted Directors to recommend Shareholders to (a) VOTE IN FAVOUR of the Partial Offer; and (b) ACCEPT the Partial Offer.

Shareholders should note that the Partial Offer is subject to the Acceptance and Approval Conditions and as at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Unconflicted Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to vote in favour of the Partial Offer and/or to accept the Partial Offer.

Our recommendation is addressed to the Unconflicted Directors for their benefit, in connection with and for the purposes of their consideration of the Partial Offer and may not be used or relied on for any other purposes (other than for the purpose of the Partial Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Unconflicted Directors to Shareholders in respect of the Partial Offer shall remain the responsibility of the Unconflicted Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX 1 - GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Natarajan Subramaniam	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Independent Non-Executive Chairman and Lead Independent Director
Kartar Singh Thakral	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Executive Director
Inderbethal Singh Thakral	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Chief Executive Officer and Executive Director
Lee Ying Cheun	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Independent Non-Executive Director
Dileep Nair	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Independent Non-Executive Director
Bikramjit Singh Thakral	c/o 20 Upper Circular Road #03-06 The Riverwalk Singapore 058416	Alternate Director to Kartar Singh Thakral

2. BACKGROUND INFORMATION

The Company was incorporated in the Republic of Singapore on 7 October 1993 and has been listed on the Mainboard of the SGX-ST since December 1995. The registered office of the Company is located at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416.

The principal activity of the Company is that of investment holding. The Group has two core divisions – the Lifestyle Division and the Investment Division.

The Group's Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from originating, packaging and managing the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. Taking advantage of the upward trend in the Japanese property sector and the country's low interest rate, the Group has also expanded its investment footprint to Japan. With the completion of the acquisition of The Riverwalk office property, the Group has extended its property investments to Singapore.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty and wellness device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar, T3, MTG SIXPAD, Style Seat and Slendertone, skin and hair care brands John Masters Organics, Codage and Institut Karite Paris as well as lifestyle brands Apple and DJI. The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

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

3. SHARE CAPITAL

3.1 Issued Shares. As at the Latest Practicable Date, the Company has an issued share capital of S\$72,498,724.21 comprising 130,860,616 issued Shares and do not hold any treasury Shares. Since the end of the previous financial year, the Company did not issue any new Shares.

The Shares are ordinary shares carrying equal ranking rights to dividends and return of capital. The Company does not have any other class of share capital as at the Latest Practicable Date. There is no restriction in the Constitution of the Company on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

3.2 Rights in Respect of Capital, Dividends and Voting. The rights of Shareholders in respect of capital, dividends and voting in relation to the Shares is extracted from the Constitution of the Company and reproduced as follows:

(a) Rights in Respect of Capital

SHARES

6. *Subject to Applicable Laws, the Listing Manual and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting (or in the case of a proposed issue of preference shares, by a special resolution) but subject thereto and to Regulation 16, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue the same to such persons on such terms and conditions and for such consideration (if any) and at such times and subject or not to the payment of any part of the amount thereof in cash as the Directors think fit, provided that:* *Issue of shares*

(1) *(subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 16(1) with such adaptations as are necessary shall apply; and*

(2) *any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 16(2), shall be subject to the approval of the Company in general meeting.*

*S.68 CA, S.35
C(A)A*

7. *The Company may issue shares for which no consideration is payable to the Company.*

*Issue of shares for no
consideration*

<p>Appendix 2.2, para 1(a)</p> <p>Appendix 2.2, para 1(b)</p>	<p>8. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, preference shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company or such other limit as may be prescribed by the Listing Manual. The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.</p>	<p>Classes of shares</p>
<p>Appendix 2.2, para 1(d)</p>	<p>9. (1) Subject to Applicable Laws and the Listing Manual, preference shares may be issued from time to time. Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports and financial statements, and attending general meetings of the Company. They shall have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears for more than six (6) months.</p> <p>(2) Subject to Applicable Laws, the Listing Manual and this Constitution, the Company may issue preference shares on terms that they are, or at the option of the Company are liable, to be redeemed.</p>	<p>Rights of preference shareholders and redeemable preference shares</p>
<p>Appendix 2.2, para 1(c)</p>	<p>(3) The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.</p>	
<p>Appendix 2.2, paragraph 5</p>	<p>10. The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned; PROVIDED ALWAYS THAT where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.</p>	<p>Modification of rights of preference shareholders</p>
	<p>11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.</p>	<p>Rights not varied by issue of additional shares</p>

S. 67 CA,
S.35 C(A)A

12. *The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company;*

Power to pay commission or brokerage

PROVIDED ALWAYS THAT such commission shall not exceed ten per cent. of the price at which such shares are issued, or an amount equivalent to such percentage. Unless otherwise specified or restricted by law, the Company may use its share capital or otherwise to pay any expenses (including commissions or brokerage) incurred directly in the issue of its shares at such rate or amount and in such manner as the Directors may deem fit, and (subject to Applicable Laws and the Listing Manual) such payment will not be taken as a reduction of the Company's share capital. Such expenses may be satisfied by the payment of cash or the allotment of fully-paid shares or partly in one way and partly in the other.

S.78 CA

13. *If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions required by Applicable Laws, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.*

Power to charge interest on capital

14. *Save as required by Applicable Laws and the Listing Manual, no person, other than the Depository, shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when, having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder, except only as by this Constitution otherwise provided for or as required by Applicable Laws or the Listing Manual or pursuant to any order of Court.*

Exclusion of equities

15. *The Company shall not exercise any right (including the right to attend and vote at general meetings) in respect of treasury shares other than as provided by Applicable Laws and the Listing Manual. Subject thereto, the Company may hold or deal with its treasury shares, and hold repurchased shares as treasury shares, in the manner authorised by, or prescribed pursuant to, the Applicable Laws and the Listing Manual.*

Treasury shares

Amended –
24/9/99

Amended –
EGM-29/8/03

Appendix 2.2,
para 1(f)

16. (1) *Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted by Applicable Laws and the Listing Manual, all new shares of whatever kind shall, before issue, be offered to such persons who, as at the date of the offer, are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.*

*Offer of new shares to
Members*

(2) *Notwithstanding Regulation 16(1) above but subject to Applicable Laws and the Listing Manual, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:-*

*General authority for
Directors to issue new
shares and make or
grant Instruments*

(a) *issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or*

(b) *make or grant Instruments;*

provided that the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits under Applicable Laws and the Listing Manual. Notwithstanding that the authority conferred by the Company in general meeting to the Directors may have ceased to be in force, the Directors may issue shares in pursuance of any Instrument made or granted by the Directors while such authority was in force in the manner permitted by Applicable Laws and the Listing Manual.

17. Unless otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to Applicable Laws, the Listing Manual and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

New shares subject to Applicable Laws, the Listing Manual and this Constitution

S. 123(2)
(c) CA, S. 59
C(A)A

18. (1) The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as prescribed by the Directors from time to time and may bear the autographic or facsimile signatures of at least two (2) Directors, or of one (1) Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates or such information as required under Applicable Laws and the Listing Manual. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors. No certificate shall be issued representing more than one (1) class of shares. If more than one (1) class of shares is listed on the Exchange, the colour of the certificates for each class of shares shall be distinctly different.

Share certificates

Appendix 2.2,
para 2

(2) Every registered holder shall be entitled to receive, and the Company shall allot and despatch to the Depository for the account of every Depositor who is a Member, within such period as may be permitted and/or required under Applicable Laws and the Listing Manual of the final closing date for an issue of shares or within such period as the conditions of issue shall provide or, where applicable, within such period as may be permitted and/or required under Applicable Laws and the Listing Manual after the day of lodgement of a registrable transfer (other than such transfer as the Company is for any reason entitled to refuse to register and does not register), one (1) certificate in respect of each class of shares held by him or registered in the name of the Depository, as the case may be, for all his shares or shares registered in the name of the Depository, as the case may be, of that class or several certificates in such denominations as the Company shall, in its absolute discretion but subject to Applicable Laws and the Listing Manual, consider reasonable for his shares or shares registered in the name of the Depository, as the case may be, of that class, in the case of the registered holder, upon payment of S\$2 (or subject to Applicable Laws and the Listing Manual, such other fee as the Directors may from time to time determine). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered

shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or subject to Applicable Laws and the Listing Manual, such other fee as the Directors may from time to time determine) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Appendix 2.2,
para 1(g)

19. Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and in case of defacement or wearing out, on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 (or subject to Applicable Laws and the Listing Manual, such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

Renewal of certificates

LIEN

Appendix 2.2,
para 3(a)

20. The Company shall have a lien on every share not being a fully-paid share in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.

Company to have
lien on shares and
dividends

21. The Directors may sell any shares subject to such lien at such time or times and in such manner as they think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof are or is presently payable or a liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due or specifying the liability or engagement and demanding payment or fulfilment or discharge thereof, and giving notice of intention to sell in default, shall have been served on such Member or the persons (if any) entitled by transmission to the shares, and default in payment, fulfilment or discharge shall have been made by him or them for seven (7) days after such notice.

Sale of shares subject to lien

22. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and may enter the purchaser's name in the Register of Members as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Directors may authorise transfer and enter purchaser's name in Register

Appendix 2.2, para 3(b)

23. The net proceeds of sale whether of a share forfeited by the Company or of a share over which the Company has a lien, shall be applied in or towards satisfaction of the amount due to the Company, or of the liability, as the case may be, and any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

Application of sale proceeds

24. No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, together with interest and expenses (if any).

Member not entitled to privileges until all calls paid

CALLS ON SHARES

25. The Directors may, subject to the provisions of this Constitution, from time to time make such calls upon the Members in respect of all moneys unpaid on their shares as they think fit; PROVIDED ALWAYS THAT at least 14 days' notice is given of each call and each Member shall be liable to pay the amount of every call so made upon him to the persons by the instalments (if any) and at the times and places appointed by the Directors.

Directors may make calls on shares

26. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

When call deemed to have been made

27. *The joint holders of a share shall be jointly and severally liable to pay all calls and instalments in respect thereof.* *Liability of joint holders*

28. *If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.* *Interest on unpaid call*

Appendix 2.2,
para 1(e)

29. *Any Member may pay to the Company and the Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies for the time being remaining uncalled on his shares but the monies so paid in advance shall not, whilst carrying interest, confer a right to participate in the profits of the Company and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.* *Payment in advance of calls*

In respect of any monies paid in advance of any call, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such Member, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up.

30. *Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date shall, for all purposes of this Constitution, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like, and all the relevant provisions of this Constitution shall apply as if such sum were a call duly made and notified as hereby provided.* *Sum payable on allotment deemed to be a call*

31. *The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.* *Power to differentiate*

TRANSFER OF SHARES

Appendix 2.2,
para 4(c)

32. *There shall be no restriction on the transfer of fully paid up shares (except where required by law or, where the Company is listed on the Exchange, the Listing Manual or Depository) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, they shall within 30 days, or* *Requirements relating to transfer*

in the event of the Company being listed on the Exchange, within such period as may be permitted and/or required under Applicable Laws and the Listing Manual) after the day on which the transfer of shares was lodged with the Company, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.

*Appendix 2.2,
para 4(a)*

33. Every transfer shall be in writing in the form approved by the Directors and in the event of the Company being listed on the Exchange, by the Exchange or book entry in the Depository Register in accordance with Applicable Laws and the Listing Manual. Every instrument of transfer must be in respect of only one (1) class of shares and must be duly stamped in accordance with any Applicable Laws relating to stamp duty and shall be left at the Office (or at the offices of the Company's share registrar or such other place as may be approved by the Directors from time to time) accompanied by the Certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The Depository may transfer any share in respect of which its name is entered in the Depository Register by means of a registered transfer. The Depository shall not be required as transferee to sign any form of transfer for the transfer of shares to it.

Form of transfer

34. The instrument of transfer of any share shall be executed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED ALWAYS THAT the Depository shall not be required to sign, as transferee, any transfer form relating to the transfer of shares to it and PROVIDED FURTHER THAT, at the discretion of the Directors, the signature of any other transferee may be dispensed with. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

*Transfers to be
executed by both
parties*

*Appendix 2.2,
para 4(b)*

35. The Directors may decline to register any instrument of transfer unless such fee not exceeding S\$2 (or subject to Applicable Laws and the Listing Manual, such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof.

Transfer fee

*Appendix 2.2,
para 4(c)*

36. The Directors may decline to register any transfer unless all the preceding requirements are fully complied with but there shall be no restriction on the transfer of fully paid securities except where required by Applicable Laws and the Listing Manual. All instruments of transfer which are registered may be retained by the Company.

Registration of transfers

37. No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs. *Person under disability*

38. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine; PROVIDED ALWAYS THAT such registration shall not be suspended for more than 30 days in any year. *Suspension of registration*

TRANSMISSION OF SHARES

39. In the case of the death of a Member the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but nothing herein contained shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him. *Survivor, executors or administrators entitled to shares of a deceased Member*

40. (1) Any of the following persons: *Persons becoming entitled in certain circumstances may be registered*

(a) person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share;

(b) any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members;

(c) any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and (i) who is mentally disordered and incapable of managing himself or his affairs; or (ii) whose person or estate is liable to be dealt with in any way under the law relating to mental capacity,

may, upon producing such evidence of title as the Directors may from time to time require, and subject as hereinafter provided, elect either to be registered himself as the holder of the share or transfer the share to some other person, but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Notice to unregistered executors and trustees

41. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the share to some other person, he shall testify his election by executing an instrument of transfer of such share to that person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were signed by the person from whom the title by transmission is derived.

Requirements regarding notice of election to be registered

42. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to exercise any of the rights or privileges as a Member unless and until he shall become registered as a Member in respect of the share.

Persons entitled to dividends on transmission without being registered as a member but may not exercise other rights

43. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe. The production to the Company of any document which is by law sufficient evidence of probate of the will, or letters of administration of the estate, of a deceased person having been granted to some person shall be accepted by the Company, notwithstanding anything in this Constitution, as sufficient evidence of the grant.

Fee for Registration and evidence of probate, etc.

FORFEITURE OF SHARES

44. If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalment or such part thereof as remains unpaid, together with interest at such rate as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.

Notice requiring payment of calls with interest and expenses

45. The notice shall name a further day (not earlier than the expiration of seven (7) days from the date of the notice) on or before which such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.

Notice to contain certain particulars

46. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared. The Directors may accept a surrender of any share liable to be forfeited under this Constitution or in any other case allowed by Applicable Laws and the Listing Manual.

Forfeiture on non-compliance with notice

47. When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members opposite to the shares; but the provisions of this Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Notice of forfeiture to be given and entered in Register of Members

48. Notwithstanding any such forfeiture as aforesaid the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit to impose.

Power to annul forfeiture

49. Every share which shall be forfeited may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any other person upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorise some person to transfer the same to such other person as aforesaid.

Directors may dispose of forfeited shares

50. A shareholder whose shares have been forfeited or surrendered shall, notwithstanding such forfeiture or surrender, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture or surrender, and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture or surrender, without any deduction of allowance for the value of the shares at the time of forfeiture or surrender.

Rights and liabilities of Members whose shares have been forfeited or surrendered

51. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interests in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved or as are by Applicable Laws and the Listing Manual given or imposed in the case of past Members.

Consequences of forfeiture or surrender

52. A statutory declaration in writing that the declarant is a Director of the Company and that a share has been duly forfeited or surrendered in pursuance of this Constitution and stating the date upon which it was forfeited or surrendered shall, as against all persons claiming to be entitled to the share adversely to the forfeiture or surrender thereof, be conclusive evidence of the facts therein stated, and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof, and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of, shall constitute a good title to the share, and (subject to the execution of any necessary transfer) such person shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale or disposition, and shall not be bound to see to application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

Declaration by Director conclusive of fact of forfeiture or surrender

CONVERSION OF SHARES INTO STOCK

53. *The Company may by ordinary resolution passed at a general meeting convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination.* *Power to convert shares to stock*

54. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.* *Stockholders entitled to transfer interest*

55. *The holders of stock shall according to the amount of the stock held by them have the same rights privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage.* *Rights of stockholders*

56. *Such of the regulations of the Company as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".* *Interpretation*

INCREASE AND ALTERATION OF CAPITAL

57. *The Company in general meeting may from time to time by ordinary resolution, or as otherwise permitted and/or required under Applicable Laws and the Listing Manual, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid-up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct and if no direction be given as the Directors shall determine.* *Power to increase capital*

58. *Subject to and in accordance with Applicable Laws and the Listing Manual, the Company may:-*

(1) by ordinary resolution or as otherwise permitted under Applicable Laws and the Listing Manual:-

(a) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the shares of Members to be consolidated determine which particular shares are to be consolidated into each consolidated share and in the case of any shares of Members being consolidated with shares of another Member may make such arrangements as may be thought fit for the sale of the consolidated share or any fractions thereof and for such purpose may appoint some person to transfer the consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of the expenses of sale or for the payment of such net proceeds to the Company provided that when the necessary unissued shares are available the Directors may in each case where the number of shares in respect of which any holder or Depositor is a Member is not an exact multiple of the number of shares to be consolidated into a single share issue to each such holder or Depositor credited as fully paid up by way of capitalisation the minimum number of shares required to round up his shareholding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation) and the amount required to pay up such shares shall be appropriated at the Directors' discretion from any of the sums standing to the credit of any of the Company's reserve accounts or to the credit of profit and loss account and capitalised by applying the same in paying up such shares; or*

Power to consolidate, sub-divide, cancel and redenominate shares

(b) *sub-divide its existing shares so that as between the resulting shares, one (1) or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares; or*

(c) *cancel any shares not taken or agreed to be taken by any person; or*

(d) subject to the provisions of this Constitution, convert its share capital or any class of shares from one (1) currency to another currency;

(2) by special resolution or as otherwise permitted under Applicable Laws and the Listing Manual:-

(a) reduce its share capital or any other undistributable reserve in any manner authorised. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly; or

Power to reduce share capital

S.74A CA,
S.40 C(A)A

(b) convert any class of shares into any other class of shares.

Power to convert shares

New
insertion-
29/1/99

58A. Subject to and in accordance with the provisions of Applicable Laws and the Listing Manual, the Company may purchase or otherwise acquire shares issued by it on such terms as the Company may think fit and in the manner prescribed by Applicable Laws and the Listing Manual. Unless otherwise provided by Applicable Laws and the Listing Manual, any shares so purchased or acquired by the Company shall, unless held in treasury in accordance with Applicable Laws and the Listing Manual, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, Applicable Laws and the Listing Manual. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, Applicable Laws and the Listing Manual, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

Repurchase of Company's shares

MODIFICATION OF CLASS RIGHTS

59. Subject to Applicable Laws and the Listing Manual including the provisions of Section 74 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of this Constitution as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one (1) vote for every such share held by him. The Directors shall comply with the provisions of Applicable Laws and the Listing Manual as to forwarding a copy of any such consent or resolution to the Registrar.

Rights of Members may be altered

(b) Rights in Respect of Dividends

DIVIDENDS AND RESERVE

122. Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time determine to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively otherwise than in advance of calls.

Apportionment of dividends

123. The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall be payable except out of the profits of the Company. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the net profits shall be conclusive.

Declaration of dividends and interim or preferential dividends

124. (1) *Subject to the Listing Manual, whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which Members shall be entitled to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 124;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, PROVIDED ALWAYS THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulation 135, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

(2) The shares of the relevant class allotted pursuant to the provisions of Regulation 124(1) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify. *Ranking of shares*

(3) The Directors may, on any occasion when they resolve as provided in Regulation 124(1), determine that: *Eligibility*

(a) rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Regulation 125 shall be read and construed subject to such determination;

(b) no allotment of shares or rights of election for shares under Regulation 124 shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register, are outside Singapore, or to such other Members or class of Members as the Directors may in their sole discretion decide, and in such event, the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and/or

(c) no allotment of shares or rights of election for shares under Regulation 124 shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Applicable Law, without the approval of the applicable regulatory or other authority.

(4) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of paragraph (1) of this Regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

Fractional entitlements

125. Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 124(1) in relation to any dividend but prior to any allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 124(1).

Disapplication

126. *The Directors may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.*

Deduction from dividend

127. *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*

Retention of dividends on shares subject to lien

128. *The Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.*

Retention of dividends on shares pending transmission

129. *A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.*

No dividend before registration

130. *Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up share, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.*

Dividend in specie

131. (1) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other monies payable on or in respect of a share that are unclaimed for one (1) year after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or monies unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so, shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the monies so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends,*

howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

Unclaimed dividends

(2) A payment by the Company to the Depository of any dividend or other money payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

132. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or for equalising dividends, or for distribution by way of special dividend or bonus, or may be applied for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sum as they may deem expedient in the interests of the Company.

Directors may form reserve fund and invest

133. (1) Every dividend, interest or other moneys payable in cash or in respect of shares may be paid by cheque or warrant and, unless otherwise directed, shall be sent by post to the last registered address of the Member entitled thereto or in the case of joint holders, to the registered address of the joint holder who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct and the receipt of the person, whose name at the date of the declaration of the dividend appears on the Register of Members as the owner of any share or, in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

Payment by post

(2) The Company shall not be responsible for the loss of any cheque or dividend warrant which shall be sent by post duly addressed to the Member for whom it is intended.

134. So long as shares in the capital of the Company are listed for quotation on the Exchange, the Directors shall have power generally to take such steps (not inconsistent with this Constitution) as they may deem necessary, advisable or appropriate to achieve or facilitate the trading of the Company's shares, debentures or other securities through the Central Depository System established under the SFA.

Central Depository System

CAPITALISATION OF PROFITS

135. (1) The Directors may, with the sanction of an ordinary resolution of the Company (including, without limitation, an ordinary resolution of the Company passed pursuant to Regulation 16(2)):

Bonus issues and capitalisation of profits and reserves

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Regulation 16(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and

(b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Regulation 16(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) The Directors may do all acts and things considered necessary or expedient to give effect to any such share issue and/or capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned. The Directors may authorise any person to enter, on behalf of all the Members interested, into an agreement with the Company providing for any such share issue or capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.

(c) Rights in Respect of Voting

GENERAL MEETINGS

60. Subject to Applicable Laws and the Listing Manual, a general meeting shall be held once in every calendar year, at such time and place in Singapore as may be determined by the Directors, but so that not more than 15 months shall be allowed to elapse between any two (2) such general meetings.

Annual general meetings

61. The abovementioned general meetings shall be called Annual General Meetings. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Extraordinary general meetings

62. The Directors may call an extraordinary meeting whenever they think fit, and extraordinary meetings shall also be convened on such requisition, or in default may be convened by such requisitions, as provided by Section 176 of the Act.

Directors may call extraordinary general meetings

Appendix 2.2,
paragraph 7
and 8(c)

63. (1) Any general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice and any other general meeting by at least 14 clear days' notice, provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed:-

Notice of meetings

In line with
S.177 CA

(a) in the case of a general meeting, by all the Members entitled to attend and to vote thereat; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at that meeting.

The accidental omission to give such notice to, or the non-receipt of such notice by, any such person shall not invalidate the proceedings or any resolution passed at any such meeting.

(2) Notice of every general meeting shall be given to every Member and such persons (including the auditor for the time being of the Company) and such persons as are under this Constitution entitled to receive notices of general meeting from the Company.

Persons entitled to
receive notice

(3) Every notice calling a general meeting shall specify the place and the day and the hour of meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

Contents of notice

(4) In the case of an annual general meeting, the notice shall also specify the meeting as such.

Notice of annual
general meeting

(5) Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. In the event of the Company being listed on the Exchange at least 14 days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange.

Nature of special
business to be
specified

PROCEEDINGS AT GENERAL MEETINGS

64. All business shall be deemed special that is transacted at an extraordinary meeting, and also all that is transacted at a general meeting, with the exception of declaring a dividend, the consideration of the financial statements, Directors' statements and the Auditor's reports (if any), and any other documents annexed to the financial statements, the election of Directors in the place of those retiring and the fixing of the remuneration of the Directors and the appointment and fixing of the remuneration of the Auditors.

Special business

65. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be two (2) Members personally present or represented by proxy. Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum.

No business to be transacted unless a quorum is present

For the purpose of this Regulation, "Member" includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation which has appointed a corporate representative.

66. If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.

Adjournment if quorum not present

*Amended -
EGM-29/8/03*

67. The Chairman of the board of Directors (or such other Director as nominated by him) shall preside as Chairman of every general meeting. If at any general meeting the Chairman (or such other Director as nominated by him) be not present within 15 minutes after the time appointed for holding the general meeting or be unwilling to act, the Directors present may choose one of their number to be Chairman of the general meeting and in default of their doing so, the Members present shall choose one of the Directors to be Chairman of the general meeting, or if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman of the general meeting.

Chairman to preside at all general meetings

68. *The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no Member shall be entitled to any notice of any adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.*

Adjournment with consent of meeting

69. (1) *If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by such stock exchange).*

Mandatory polling

*Rule 730A(2)
Listing
Manual*

(2) *Subject to Regulation 69(1), at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll is demanded:*

Method of voting where mandatory polling not required

(a) by the Chairman; or (b) by any Member present in person or by proxy and for the time being entitled to vote at the meeting; or

(c) by a Member or Members present in person or by proxy representing not less than five per cent. (5%) of the total voting rights of all Members having the right to vote at the meeting; or

*S.178(1)(b)
CA*

(d) by a Member or Members present in person or by proxy holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. (5%) of the total sum paid up on all the shares of the Company conferring that right

and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, shall be conclusive, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(3) If required by Applicable Laws or the Listing Manual, the Chairman of the meeting shall appoint at least one (1) scrutineer for each general meeting who shall be independent of the persons undertaking the polling process.

70. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof, and unless it shall in the opinion of the Chairman be of sufficient magnitude.

Votes counted in error

71. Subject to Regulation 69(1), a poll taken on the election of a Chairman or on a question of adjournment shall be taken forthwith. Where a poll is taken pursuant to Regulation 69(1) or on any other question, it shall be taken at such time and place in Singapore, and in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may (and if required by the Listing Manual or if so directed by the meeting shall) appoint scrutineer(s) and may adjourn the meeting to some place in Singapore and time fixed by him for the purpose of declaring the results of the poll. Any business other than that upon which a poll has been demanded may be proceeded with at a meeting pending the taking of the poll.

How poll to be taken

72. In the case of an equality of votes, whether on a show of hands or on a poll, of the meeting at which the show of hands takes place or at which the poll is required under Regulation 69(1) or demanded under Regulation 69(2), as the case may be, the Chairman shall be entitled to a second or casting vote.

Chairman to have casting vote

VOTES OF MEMBERS

73. (1) Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member entitled to vote may vote in person or by proxy. A holder of ordinary shares shall, where required by Applicable Laws or the Listing Manual, be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid. Every Member who is present in person or by proxy shall:-

Voting rights of Members

(a) on a poll, have one (1) vote for each share which he holds or represents; and

(b) on a show of hands, have one (1) vote, provided that:-

S.181(1D)
CA, S.97(a)
C(A)A

(i) in the case of a Member who is not a Relevant Intermediary and who is represented by two (2) proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

S.81SJ(4)
SFA

(ii) in the case of a Member who is a Relevant Intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.

(2) For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting as certified by the Depository to the Company.

74. On a poll a Member entitled to more than one (1) vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. *Split votes*

Appendix 2.2,
para 8(b)

75. In the case of joint holders any one of such persons may vote, but if more than one of such persons be present at a meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members. *Voting rights of joint holders*

76. A person who is mentally disordered and incapable of managing himself or his affairs, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other legal curator and such last-mentioned persons may give their votes either personally or by proxy. *Voting in case of mentally disordered persons*

77. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares held by him in the Company, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, have been paid. *Right to vote*

78. (1) *Save as otherwise provided in the Act:-* Appointment of proxies

(a) *a Member who is not a Relevant Intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*

S.181(1C)
CA, S.97(a)
C(A)A

(b) *a member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

Shares entered in
Depository Register

(2) *In any case where a Member is a Depositor, the Company shall be entitled and bound:*

(a) *to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting as certified by the Depository to the Company; and*

(b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant general meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*

Appendix 2.2,
para 8(c), 8(e)

(3) *A proxy or representative need not be a Member, and shall be entitled to vote on any matter at any general meeting on a show of hands.*

Proxy need not be
member

Appendix 2.2,
para 8(d)

(4) *The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*

Instrument deemed
to confer authority to
demand for poll

(5) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.* Notes and instructions

(6) *A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant general meeting.* Member appointing proxy can attend and vote in person at general meeting

79. (1) *The instrument appointing a proxy or the power of attorney or other authority, if any:* Deposit of proxies

(a) *if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the general meeting; or*

(b) *if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the general meeting,*

S.178(1)(c)
CA, S.94(c)
C(A)A

and in either case not less than 72 hours before the time appointed for the holding of the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

(2) *The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 79(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 79(1)(a) shall apply.*

80. *Subject to Regulations under the Constitution and the provisions of the Act and the Listing Manual, the Directors may, at their sole discretion approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.* Voting in absentia

81. (1) An instrument appointing a proxy or representative shall be in writing in the common form or any other form approved by the Directors and:- *Form of Instrument of Proxy*

(a) in the case of an individual, shall be:

(i) signed by the appointor or by his attorney if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:

(i) either given under its common seal or signed by its attorney or by an officer on behalf of the corporation if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointer (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 79, failing which the instrument may be treated as invalid.

(2) The Directors may, in their absolute discretion:-

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy, as contemplated in Regulations 81(1)(a)(ii) and 81(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 81(1)(a)(i) and/or (as the case may be) Regulation 81(1)(b)(i) shall apply.

Directors may approve method and manner, and designate procedure, for electronic communications

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided That no notice in writing of the death or insanity or revocation or transfer shall have been received at the Office at least 72 hours (or any such time stipulated under Applicable Laws) before the time fixed for holding the meeting.

When vote by proxy valid though authority revoked

83. In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

Omission to include proxy form

84. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

Corporations acting by representatives at meeting

3.3 Outstanding Convertible Instruments. As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares in the Company.

4. DISCLOSURE OF INTERESTS

4.1 Interests and Dealings of Company in Offeror Securities. As at the Latest Practicable Date, neither the Company nor its subsidiaries:

- (a) has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.2 Interests and Dealings of Directors in Offeror Securities. As at the Latest Practicable Date, none of the Directors:

- (a) save as disclosed below, has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date. For the avoidance of doubt, Bikramjit Singh Thakral had transferred 100% of his shareholding interest in the Offeror to the Trustee at nominal consideration as part of the Restructuring Exercise which completed on 22 March 2019.

Interests of Directors in the share of the Offeror:

Name of Director	Direct Interest		Deemed Interest	
	Number of Share(s)	Shareholding Percentage ⁽¹⁾	Number of Share(s)	Shareholding Percentage ⁽¹⁾
Kartar Singh Thakral	–	–	1 ⁽²⁾	100%
Inderbethal Singh Thakral	–	–	1 ⁽²⁾	100%
Bikramjit Singh Thakral	–	–	1 ⁽²⁾	100%

Notes:

- (1) Based on the Offeror's issued share capital of one (1) share as at the Latest Practicable Date.
- (2) Held through Thakral Group Limited.

4.3 Interests and Dealings of Directors in Company Securities. As at the Latest Practicable Date, none of the Directors:

- (a) save as disclosed below, has any direct or deemed interests in any Company Securities; and
- (b) has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Interests of Directors in Shares:

Name of Director	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding Percentage ⁽¹⁾	Number of Shares	Shareholding Percentage ⁽¹⁾
Kartar Singh Thakral	–	–	39,182,560 ⁽²⁾	29.94%
Inderbethal Singh Thakral	–	–	39,182,560 ⁽²⁾	29.94%
Bikramjit Singh Thakral	–	–	39,182,560 ⁽²⁾	29.94%

Notes:

- (1) Calculated based on the Company's issued share capital of 130,860,616 Shares as at the Latest Practicable Date.
- (2) As the members and/or directors of Thakral Group Limited, Kartar Singh Thakral, Inderbethal Singh Thakral, Bikramjit Singh Thakral, Gurmukh Singh Thakral, Karan Singh Thakral, Rikhipal Singh Thakral and Indergopal Singh Thakral have the authority to dispose of, or to exercise control over the disposal of, the 39,182,560 Shares held by the Offeror in which Thakral Group Limited is deemed interested (whether such authority is or is capable of being made subject to restraint or restriction). Therefore, Kartar Singh Thakral, Inderbethal Singh Thakral, Bikramjit Singh Thakral, Gurmukh Singh Thakral, Karan Singh Thakral, Rikhipal Singh Thakral and Indergopal Singh Thakral are also deemed interested in the 39,182,560 Shares held by the Offeror.

4.4 Interests and Dealings of the IFA in Company Securities. As at the Latest Practicable Date, none of the IFA or funds whose investments are managed by the IFA on a discretionary basis:

- (a) have any direct or deemed interests in any Company Securities; and
- (b) have dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts. There are no service contracts entered into between any Director or proposed Director with the Company or any of its subsidiaries with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation. In addition, there are no service contracts entered into or amended between any Director or proposed Director, with the Company during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 No Payment or Benefit to Directors. It is not proposed, in connection with the Partial Offer, that any payment or other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Partial Offer.

5.3 No Agreement Conditional upon Outcome of Partial Offer. There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Partial Offer.

5.4 Material Contracts entered into by Offeror. There are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

6. FINANCIAL INFORMATION ON THE GROUP

6.1 Introduction. Rule 24.4 of the Code requires the Company to disclose, *inter alia*, the following information in this Circular:

- (a) details, for the last three (3) financial years, of turnover, exceptional items, net profit or loss before and after tax, minority interests, net earnings per share and net dividends per share;
- (b) a statement of the assets and liabilities shown in the last published audited accounts;
- (c) particulars of all known material changes in the financial position of the Company subsequent to the last published audited accounts or a statement that there are no such known material changes;
- (d) details relating to items referred to in (a) in respect of any interim statement or preliminary announcement made since the last published audited accounts;
- (e) significant accounting policies together with any points from the notes of the accounts which are of major relevance for the interpretation of the accounts; and
- (f) where, because of a change in accounting policy, figures are not comparable to a material extent, this should be disclosed and the approximate amount of the resultant variation should be stated.

As at the Latest Practicable Date, the latest published audited accounts of the Group are that for FY2017. The Company has also published the Unaudited FY2018 Results on 28 February 2019. The Audited FY2017 Results and Unaudited FY2018 Results are reproduced in **Appendix 2 and Appendix 3 to this Circular respectively.**

6.2 Consolidated Income Statements. Set out below is certain financial information extracted from the annual reports of the Company for the past three (3) financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 and from the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018 respectively. The following summary should be read in conjunction with the audited consolidated financial statements of the Group for the relevant financial periods and the accompanying notes thereto, contained in the annual reports of the Company for FY2015, FY2016 and FY2017, which are available for inspection at the registered office of the Company. Please refer to **Section 12 of this Appendix 1** for further information. The financial information for the financial year ended 31 December 2018 should be read in conjunction with the unaudited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying notes as set out in the financial statements.

	Unaudited FY2018 S\$'000	Unaudited FY2017 S\$'000 (restated)*	Audited FY2017 S\$'000	Audited FY2016 S\$'000	Audited FY2015 S\$'000
Revenue	157,124	153,230	153,230	214,893	331,326
Exceptional Items	–	–	–	–	–
Profit before taxation	26,742	42,757	40,346	4,214	8,571
Profit after tax and non-controlling interests (after exceptional items)	9,297	37,748	37,748	423	6,090
Profit after tax and non-controlling interest (before exceptional items)	9,297	37,748	37,748	423	6,090
Non-controlling interests	10,942	1,958	1,958	3,021	2,543
Earnings per Share (before exceptional items) (cents)	7.10	28.85	28.85	0.32	4.65
Earnings per Share (after exceptional items) (cents)	7.10	28.85	28.85	0.32	4.65
Net dividends per Share (S\$)	0.04	0.05	0.05	0.02	–

* - Certain reclassifications were made to the prior year's financial statements to enable comparability with the financial statements for the year ended 31 December 2018 ("FY2018") and better reflect the nature of withholding taxes on certain investment income previously classified under operating expenses.

As a result, certain line items were amended in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures for the year ended 31 December 2017 were adjusted to conform to the FY2018 presentation.

6.3 Consolidated Statement of Financial Position. A summary of the audited consolidated statement of financial position of the Group as at 31 December 2017 and as at 31 December 2016 is set out below. The following summary should be read in conjunction with the Audited FY2017 Results and the accompanying notes thereto, which are reproduced in **Appendix 2 to this Circular**.

	Unaudited As at 31 December 2017 S\$'000 (restated)*	Audited As at 31 December 2017 S\$'000	Audited As at 31 December 2016 S\$'000
Non-current assets	116,968	116,968	101,854
Current assets	138,201	138,201	137,845
Non-current liabilities	20,368	19,646	25,148
Current liabilities	72,091	72,813	94,138
Net assets	162,710	162,710	120,413
Share capital	72,579	72,579	72,579
Reserves & Retained earnings	59,334	59,334	23,892
Non-controlling interests	30,797	30,797	23,942
Total equity	162,710	162,710	120,413

* - Certain reclassifications were made to the prior year's financial statements to enable comparability with the financial statements for the year ended 31 December 2018 ("FY2018") and better reflect the nature of withholding taxes previously classified as other payable.

As a result, certain line items were amended in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures for the year ended 31 December 2017 were adjusted to conform to the FY2018 presentation.

7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018 and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Group since 31 December 2017, being the date of the last audited accounts of the Group laid before the Shareholders in general meeting.

8. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

8.1 Significant Accounting Policies. A summary of the significant accounting policies of the Group is set out in Note 2 of the Audited FY2017 Results, which are reproduced in **Appendix 2 to this Circular**. Save as disclosed in Note 2 of the Audited FY2017 Results and item 5 of the Unaudited FY2018 Results, there are no significant accounting policies or any matter from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

8.2 No Change in Accounting Policies. Save as disclosed in Note 2 of the Audited FY2017 Results and item 5 of the Unaudited FY2018 Results, there is no change in the accounting policies of the Group which would cause the financial information disclosed in this Circular not to be comparable to a material extent.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

An interested person, as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, is:

- (a) a director, chief executive officer, or substantial shareholder of the Company;
- (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

For completeness, as disclosed in the public announcements made by the Company via SGXNet and the Annual Reports of the Company for FY2015, FY2016, FY2017, the Group had entered into interested person transactions in the ordinary course of its business during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date, including the following interested person transactions:

- (1) interested person transactions entered into by the Company pursuant to the general mandate from Shareholders which was approved at the Annual General Meeting of the Company held on 27 April 2018 by the Shareholders; and
- (2) the acquisition of 100% of the issued and paid-up share capital of Thakral Realty (S) Pte. Ltd. by the Company from Thakral Investments Holdings Pte. Ltd. for a consideration of S\$9,000,000, which constitutes as an interested person transaction, and approved by the Shareholders at an Extraordinary General Meeting of the Company convened on 14 June 2018.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

11. GENERAL

11.1 Costs and Expenses. All expenses and costs incurred by the Company in relation to the Partial Offer will be borne by the Company.

11.2 Consent of the IFA. Provenance Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the IFA Letter and references to its name and the IFA Letter, in the form and context in which they appear in this Circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 during normal business hours for the period which the Partial Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the Unaudited FY2018 Results;
- (d) the IFA Letter; and
- (e) the letter of consent referred to in **Section 11.2 of this Appendix 1** above.

APPENDIX 2 - AUDITED FY2017 RESULTS

The information set out in this **Appendix 2** is a reproduction of selected financial information extracted from the annual report of the Company for FY2017, and was not specifically prepared for inclusion in this Circular.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances	7	46,175	29,787	1,890	210
Trade receivables	8	11,807	9,871	–	–
Other receivables and prepayments	9	7,963	10,781	64	65
Loans receivable	16	48,198	28,382	–	–
Assets held for sale	13	–	40,140	–	–
Inventories	10	24,058	18,884	–	–
Total current assets		138,201	137,845	1,954	275
Non-current assets					
Pledged fixed deposits	7	10	10	–	–
Other receivables and prepayments	9	1,462	–	–	–
Loans receivable	16	31,619	25,870	–	–
Property, plant and equipment	11	1,896	1,807	10	16
Investment properties	12	47,533	54,616	–	–
Subsidiary corporations	14	–	–	177,919	162,356
Joint ventures	15	–	115	–	–
Derivative financial instrument	17	206	755	–	–
Available-for-sale investments	18	34,242	18,681	–	–
Total non-current assets		116,968	101,854	177,929	162,372
Total assets		255,169	239,699	179,883	162,647

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	19	3,760	2,633	–	–
Bills payable and trust receipts	20	11,207	21,535	–	–
Bank and other borrowings	21	31,691	44,664	–	–
Other payables	22	23,097	21,616	856	649
Provisions	23	2,504	2,969	52	52
Income tax payable		554	721	–	–
Total current liabilities		72,813	94,138	908	701
Non-current liabilities					
Amount owing to subsidiary corporations	14	–	–	65,419	68,346
Bank and other borrowings	21	15,146	24,005	–	–
Deferred tax liability	24	4,500	1,143	–	–
Total non-current liabilities		19,646	25,148	65,419	68,346
Capital, reserves and non-controlling interests					
Issued capital	25	72,579	72,579	72,579	72,579
Reserves	26	59,334	23,892	40,977	21,021
Equity attributable to equity holders of the Company		131,913	96,471	113,556	93,600
Non-controlling interests	14	30,797	23,942	–	–
Total equity		162,710	120,413	113,556	93,600
Total liabilities and equity		255,169	239,699	179,883	162,647

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	Note	Group	
		2017	2016
		S\$'000	S\$'000
Revenue	28	153,230	214,893
Cost of sales		(103,687)	(169,644)
Gross profit		49,543	45,249
Other operating income	29	319	810
Distribution costs		(6,536)	(8,287)
Administrative expenses		(23,381)	(19,427)
Other operating expenses		(1,519)	(2,074)
Share of loss of joint ventures	15	(116)	(400)
Finance income		493	991
Finance costs	30	(5,432)	(5,330)
Gain on disposal of assets held for sale	13	33,858	–
Valuation losses on investment properties and assets held for sale, net	12,13	(6,883)	(7,318)
Profit before income tax		40,346	4,214
Income tax	31	(640)	(770)
Profit for the year	32	39,706	3,444
Profit attributable to:			
Equity holders of the Company		37,748	423
Non-controlling interests		1,958	3,021
		39,706	3,444
Basic earnings per share (cents)	34	28.85	0.32
Diluted earnings per share (cents)	34	28.85	0.32

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	Note	Group	
		2017	2016
		S\$'000	S\$'000
Profit for the year		39,706	3,444
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation (loss) gain arising on consolidation		(2,786)	2,888
Fair value gain on available-for-sale investments, net of tax		13,095	485
Other comprehensive income for the year, net of tax		10,309	3,373
Total comprehensive income for the year		50,015	6,817
Total comprehensive income attributable to:			
Equity holders of the Company		41,985	2,820
Non-controlling interests		8,030	3,997
		50,015	6,817

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group										
Balance at										
January 1, 2016	72,579	(9,207)	3,278	1,562	51	(29,835)	57,840	96,268	21,164	117,432
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	423	423	3,021	3,444
Other comprehensive income for the year	-	-	-	242	-	2,155	-	2,397	976	3,373
Total	-	-	-	242	-	2,155	423	2,820	3,997	6,817
Transactions with owners, recognised directly in equity										
Dividend to										
non-controlling										
shareholders										
in a subsidiary										
corporation										
	-	-	-	-	-	-	-	-	(1,219)	(1,219)
Dividend (Note 33)	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Transfer from options										
reserve to retained										
earnings on										
cancellation/lapse										
of share options										
	-	-	-	-	(20)	-	20	-	-	-
Total	-	-	-	-	(20)	-	(2,597)	(2,617)	(1,219)	(3,836)
Balance at										
December 31, 2016	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	96,471	23,942	120,413

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance at										
January 1, 2017	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	96,471	23,942	120,413
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	37,748	37,748	1,958	39,706
Other comprehensive income (loss) for the year	-	-	-	6,533	-	(2,296)	-	4,237	6,072	10,309
Total	-	-	-	6,533	-	(2,296)	37,748	41,985	8,030	50,015
Transactions with owners, recognised directly in equity										
Dividend to non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	-	(1,175)	(1,175)
Dividends (Note 33)	-	-	-	-	-	-	(6,543)	(6,543)	-	(6,543)
Transfer from asset revaluation reserve to retained earnings on disposal of assets held for sale	-	-	(2,982)	-	-	-	2,982	-	-	-
Transfer from options reserve to retained earnings on cancellation/lapse of share options	-	-	-	-	(31)	-	31	-	-	-
Total	-	-	(2,982)	-	(31)	-	(3,530)	(6,543)	(1,175)	(7,718)
Balance at										
December 31, 2017	72,579	(9,207)	296	8,337	-	(29,976)	89,884	131,913	30,797	162,710

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

	Issued capital	Options reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at January 1, 2016	72,579	51	23,410	96,040
Profit for the year, representing total comprehensive income for the year	–	–	177	177
Transactions with owners, recognised directly in equity				
Dividend (Note 33)	–	–	(2,617)	(2,617)
Transfer from options reserve to retained earnings on cancellation/lapse of share options	–	(20)	20	–
Balance at December 31, 2016	72,579	31	20,990	93,600
Profit for the year, representing total comprehensive income for the year	–	–	26,499	26,499
Transactions with owners, recognised directly in equity				
Dividends (Note 33)	–	–	(6,543)	(6,543)
Transfer from options reserve to retained earnings on cancellation/lapse of share options	–	(31)	31	–
Balance at December 31, 2017	72,579	–	40,977	113,556

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	Group	
	2017	2016
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit before income tax	40,346	4,214
Adjustments for:		
Depreciation expense	246	403
Share of loss of joint ventures	116	400
Interest income from loans receivable and dividend income from unquoted investments	(22,455)	(22,016)
Interest expense	5,432	5,330
Interest income	(493)	(991)
Loss on disposal of property, plant and equipment	5	2
Loss on expired/exercise of derivative financial instrument	–	223
Gain on disposal of assets held for sale	(33,858)	–
Valuation losses on investment properties and assets held for sale, net	6,883	7,318
Unrealised loss on outstanding derivative financial instrument	532	57
Net unrealised foreign exchange loss	2,216	1,462
Provision for employee benefits	212	370
Allowance for inventories	522	1,098
Allowance for (Reversal of) doubtful trade receivables	205	(7)
Allowance for doubtful other receivables	10	191
Operating cash flows before movements in working capital	(81)	(1,946)
Trade receivables	(2,858)	2,504
Other receivables and prepayments	717	(673)
Inventories	(6,880)	5,356
Trade payables	1,298	(3,593)
Other payables and provisions	1,627	5,305
Cash (used in) generated from operations	(6,177)	6,953
Income tax paid	(745)	(170)
Interest paid	(4,566)	(3,351)
Interest received	1,910	530
Net cash (used in) generated from operating activities	(9,578)	3,962

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	Group	
	2017	2016
	S\$'000	S\$'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(430)	(335)
Proceeds from disposal of property, plant and equipment	3	8
Proceeds from disposal of assets held for sale	69,517	–
Additions of investments in joint ventures	–	(513)
Repayment of loans receivable – current and non-current	26,701	23,092
Additions to loans receivable – current and non-current	(31,323)	(16,286)
Acquisition of derivative financial instrument	–	(217)
Net cash generated from investing activities	64,468	5,749
FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders in a subsidiary corporation	(1,181)	(738)
Dividends paid	(6,543)	(2,617)
(Increase) Decrease in fixed deposits with maturities exceeding three months	(2,282)	10
Decrease in pledged fixed deposits	12,657	862
(Decrease) Increase in bills payable and trust receipts	(8,881)	692
Other loans	19,956	6,365
Repayments of other loans	(9,614)	–
Loans from banks	1,327	9,656
Repayments of bank loans	(32,966)	(22,016)
Net cash used in financing activities	(27,527)	(7,786)
Net increase in cash and cash equivalents	27,363	1,925
Cash and cash equivalents at beginning of year (Note 7)	7,690	5,543
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(142)	222
Cash and cash equivalents at end of year (Note 7)	34,911	7,690

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, 2017 were authorised for issue by the Board of Directors on March 23, 2018.

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2017, the Group and Company had adopted the Amendments to FRS 7 *Statement of Cash Flow: Disclosure Initiative* that are effective from annual periods beginning on January 1, 2017. The adoption of these Amendments to 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.

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiary

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

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, or 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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.

Effective interest method

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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

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

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

Available-for-sale investments

Certain investments 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 is 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 26 days (2016: 19 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.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Financial liabilities

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

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

Financial guarantee 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, from available-for-sale investments and borrowings 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Warehouse properties used by the Group and classified as assets held for sale in prior year were measured at the lower of their carrying amount and fair value less costs to sell. Investment properties classified as assets held for sale were 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.

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

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

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

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 (HK) Ltd (which is an independent firm of professional valuers).

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

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

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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 27.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Sale of goods

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

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

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

Key sources of estimation uncertainty

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

(i) Allowances for inventories

As at December 31, 2017, the Group has inventories amounting to S\$24,058,000 (2016: S\$18,884,000).

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

Certain lifestyle products with long aging are not provided for as the products continue to sell at high profit margins. There are inherent risks on inventories' valuation and allowance for inventories relating to long aging inventories and/or products that may be approaching end-of-life.

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

(ii) Allowances for trade and other receivables

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. 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 and other receivables are disclosed in Notes 8 and 9 respectively.

(iii) Valuation of investment properties

The Group's investment properties amounted to S\$47,533,000 (2016: S\$54,616,000). Investment properties are stated at their estimated fair values.

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

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

Key sources of estimation uncertainty (cont'd)

(iii) Valuation of investment properties (cont'd)

The fair values of the Group's investment properties in Australia have been determined by management based on discounted cash flows, supplemented by valuations from independent professional valuers performed in December 2017 on an open market basis.

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

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

(iv) Valuation of available-for-sale investment

As at December 31, 2017, the Group has unquoted investment classified as available-for-sale investment amounting to S\$34,241,000 (2016: S\$18,680,000).

The fair value of the available-for-sale investment is estimated based on the Group's share of the net asset value of the investee, which approximates its fair value as at the end of the reporting period. The investee's main assets are two office buildings and two hotel buildings in Japan which are leased to external parties.

The fair value of these office buildings and one of the hotel buildings has been determined on the basis of valuations carried out by professional valuers. The fair value was determined based on discounted cash flow.

For the other hotel building acquired in November 2017, it is carried at acquisition cost which is considered by management to approximate fair value as at December 31, 2017.

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

Management assessed that the fair value of the available-for-sale investment is reasonable and its changes in fair value during the year have been properly accounted for.

The carrying amount of available-for-sale investment is disclosed in Note 18.

NOTES TO FINANCIAL STATEMENTS

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

Key sources of estimation uncertainty (cont'd)

(v) Valuation of loans receivable and accounting for variable returns

As at December 31, 2017, the Group has loans receivable amounting to S\$79,817,000 (2016: S\$54,252,000) extended to third parties and the joint venture entities for development projects in Australia. These loans receivable earn fixed interest income on the principal amount and variable returns determinable at completion of the project less withholding tax at the relevant rate.

The management has assessed the terms of the contracts and concluded that the variable returns determined at completion of the project, is in substance variable interest income for accounting purposes. Accordingly, the loans receivable have been carried at amortised cost using the effective interest method less impairment.

Judgements and estimates have been made with regard to the accounting and amount of variable interest income which will be determined at the end of each reporting period. Changes in these estimates could affect the reported amounts of interest receivables and the carrying values of loans receivable in the statement of financial position.

There is also a risk that the loans receivable are not properly assessed for impairment and not recorded at net recoverable value. This assessment involves significant judgement and estimates, and is dependent on the progress of the property development projects and any indicators of project delays, cost over-runs and losses that may affect the counterparties' ability to repay the loans.

Management assessed for any objective evidence of impairment relating to these loans receivable and determined that no allowance for impairment is required.

Further details of loans receivable are disclosed in Note 16.

(vi) Impairment of investments in subsidiary corporations

Determining whether investments in subsidiary corporations are impaired requires an estimation of the recoverable amount of the investment in subsidiary corporations as at the end of the reporting period. Management has estimated the recoverable amount based on the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiary corporations which has been stated net of an impairment loss of S\$99,373,000 (2016: S\$113,017,000). The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiary corporations.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Loans and receivables (including cash and bank balances)	144,843	101,843	1,915	235
Derivative financial instrument not designated in hedge accounting relationships	206	755	–	–
Available-for-sale investments	34,242	18,681	–	–
Financial liabilities				
Payables, at amortised cost	73,051	101,805	66,275	68,995

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

(b) *Financial risk management policies and objectives*

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

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

(i) **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables, other receivables and 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 investment criteria. The Group has adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Credit evaluations are performed on customers requiring credit over a certain amount. Where appropriate, security deposits, post-dated cheques, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

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

(i) **Credit risk management (cont'd)**

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 16 respectively.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has certain concentration of credit risk as approximately 40% (2016: 28%) of the total trade and other receivables (excluding advances to suppliers and prepayments) were due from the Group's ten largest customers.

(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, 20 and 21. 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, 2017 of the Group would decrease/increase by S\$80,000 (2016: S\$217,000).

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

(iii) **Foreign exchange risk management**

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

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

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

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

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 17. 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.

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
United States dollar	14,358	13,044	16,314	29,592	25	27	–	–
Hong Kong dollar	35	290	2,085	2,725	16	16	61,676	66,321
Japanese yen	5,209	31	547	1,154	1,522	1,590	1,503	1,576
Australian dollar	17,343	4,744	475	240	1,912	253	475	240

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).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

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

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

Foreign currency sensitivity

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

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

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Profit for the year	209	1,595	205	240	588	108	(1,740)	(430)
Other equity	(13)	60	–	–	(20)	5	53	(20)
Company								
Profit for the year	(3)	(3)	6,166	6,630	(2)	(1)	(144)	(1)

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Profit for the year	(209)	(1,595)	(205)	(240)	(588)	(108)	1,740	430
Other equity	13	(60)	–	–	20	(5)	(53)	20
Company								
Profit for the year	3	3	(6,166)	(6,630)	2	1	144	1

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

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

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

Foreign currency sensitivity (cont'd)

The Group's sensitivity to foreign currencies have decreased in relation to the United States dollar during the current year mainly due to the decrease in bills payable and trust receipt loans denominated in United States dollars outstanding as at the end of the year.

The Group's foreign currency sensitivity in relation to the Australian dollar have increased in the year due to higher inter-company and bank balances denominated in Australian dollars.

The Group's foreign currency sensitivity in relation to the Hong Kong dollar and Japanese yen are not significant.

(iv) Liquidity risk management

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

The Group also utilises bank and other borrowings for working capital purposes.

Non-derivative financial liabilities

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

	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						
2017						
Non-interest bearing	–	15,007	–	–	–	15,007
Variable interest rate instruments	4.26	9,816	6,703	–	(684)	15,835
Fixed interest rate instruments	10.17	36,886	9,863	–	(4,540)	42,209
		61,709	16,566	–	(5,224)	73,051

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

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

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
2016						
Non-interest bearing	–	11,601	–	–	–	11,601
Variable interest rate instruments	3.52	29,268	16,561	–	(2,499)	43,330
Fixed interest rate instruments	7.11	40,755	9,608	–	(3,489)	46,874
		81,624	26,169	–	(5,988)	101,805
Company						
2017						
Non-interest bearing	–	856	63,916	–	–	64,772
Fixed interest rate instruments	2.00	30	1,539	–	(66)	1,503
		886	65,455	–	(66)	66,275
2016						
Non-interest bearing	–	649	66,778	–	–	67,427
Fixed interest rate instruments	2.00	31	1,626	–	(89)	1,568
		680	68,404	–	(89)	68,995

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 36, if the full outstanding guaranteed amount is claimed by the counterparty to the guarantee, is S\$11,207,000 (2016: S\$26,974,000). The earliest period that the guarantee could be called is within 1 year (2016: 1 year) from the end of the reporting period. The Company considers that it is more likely that no amount will be payable under the arrangement.

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

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

(iv) Liquidity risk management (cont'd)

Derivative financial instruments

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

	On demand or within 1 year	Within 2 to 5 years	After 5 years
	S\$'000	S\$'000	S\$'000
Group			
2017			
Net settled:			
Foreign exchange option	–	206	–
2016			
Net settled:			
Foreign exchange option	–	755	–

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The following financial instruments are measured at fair value:

	Total	Level 1	Level 2	Level 3
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
2017				
Available-for-sale investments:				
Unquoted investment	34,241	–	–	34,241
Club debenture	1	–	–	1
Derivative financial instrument	206	–	206	–

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

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

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

	Total	Level 1	Level 2	Level 3
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
2016				
Available-for-sale investments:				
Unquoted investment	18,680	–	–	18,680
Club debenture	1	–	–	1
Derivative financial instrument	755	–	755	–

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

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

Financial assets measured at fair value based on level 3

	Available- for-sale investments
	S\$'000
Group	
As at January 1, 2016	17,088
Other comprehensive income	485
Translation adjustment	1,108
As at December 31, 2016	18,681
Other comprehensive income	13,095
Translation adjustment	2,466
As at December 31, 2017	34,242

Company

The Company had no financial assets or liabilities carried at fair value in 2017 and 2016.

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

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

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

(vi) Equity price risk management

The Group is exposed to equity risks arising from unquoted investment 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 18.

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 18) 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\$1,802,000 (2016: S\$1,222,000) respectively. The Group's net profit for the year ended December 31, 2017 would have been unaffected as the equity investments are classified as available-for-sale and no significant investments were disposed of or impaired.

(c) Capital management policies and objectives

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 20 and 21 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 25 and 26. The Group monitors capital using a gearing ratio, which is total debt divided by equity. As at December 31, 2017, the Group's gearing ratio is 0.44 (2016: 0.94).

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. Both subsidiary corporations are in compliance with externally imposed capital requirements for the years ended December 31, 2017 and 2016.

The review of the Group's capital management policies and objectives is conducted by the Audit Committee and the Board. The Group's overall strategy remains unchanged from 2016.

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 with subsidiary corporations which are considered as non-current as disclosed in Note 14.

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

NOTES TO FINANCIAL STATEMENTS

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6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Balances with related parties are unsecured, interest-free and repayable on demand, except for interest-bearing loans as disclosed in Note 21 for co-investment in loans receivable.

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

	2017		2016	
	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	–	538	–	598
Purchases, net of returns	–	(16,004)	–	(26,792)
Service fees paid	–	(171)	–	(147)
Commission paid	–	(33)	–	(25)
Interest expenses	–	(58)	–	–
Lease payments under operating lease	(62)	(35)	(92)	(332)

The Group also has an operating lease commitment of up to S\$46,000 (2016: S\$108,000) 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	
	2017	2016
	S\$'000	S\$'000
Short-term benefits	9,897	4,013
Post-employment benefits	13	16
	9,910	4,029

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

NOTES TO FINANCIAL STATEMENTS

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7 CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	2,351	54	–	–
Pledged fixed deposits	8,913	22,043	–	–
Cash and bank balances	34,911	7,690	1,890	210
Current	46,175	29,787	1,890	210
Pledged fixed deposits	10	10	–	–
Non-current	10	10	–	–
Total	46,185	29,797	1,890	210
Less:				
Fixed deposits with maturities exceeding three months	(2,351)	(54)	–	–
Fixed deposits that have been placed with banks against bills payables and trust receipts	(2,504)	(1,273)	–	–
Fixed deposits that have been pledged to banks as security for bank loans	(6,419)	(20,780)	–	–
Cash and cash equivalents	34,911	7,690	1,890	210

Fixed deposits bear interest at an average effective interest rate of 2.95% (2016: 4.30%) per annum and are for a weighted average tenure of approximately 193 days (2016: 1,014 days).

8 TRADE RECEIVABLES

	Group	
	2017	2016
	S\$'000	S\$'000
Trade receivables from external parties	11,206	10,375
Management fee and other service income receivable	1,292	183
Allowances for doubtful trade receivables	(769)	(808)
Total trade receivables, net of allowances	11,729	9,750
Trade receivables from related party (Note 6)	78	121
	11,807	9,871

Movements in allowances for doubtful trade receivables were as follows:

	Group	
	2017	2016
	S\$'000	S\$'000
Balance at beginning of year	808	880
Translation adjustment	(56)	–
Increase (Decrease) in allowance recognised in profit or loss	205	(7)
Amounts written-off	(188)	(65)
Balance at end of year	769	808

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

8 TRADE RECEIVABLES (cont'd)

The average credit period on sale of goods is 26 days (2016: 19 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\$769,000 (2016: S\$808,000). 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\$2,176,000 (2016: S\$2,779,000) 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.

	Group	
	2017	2016
	S\$'000	S\$'000
(i) Aging of receivables that are past due but not impaired		
Less than 3 months	1,644	1,656
3 months to 6 months	346	473
More than 6 months	186	650
Total	2,176	2,779

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Advances to suppliers	1,233	2,545	–	–
Allowances for doubtful other receivables	(300)	(386)	–	–
Total advances to suppliers, net of allowances	933	2,159	–	–
Deposits	1,962	598	16	16
VAT/Tax recoverable	1,047	335	9	9
Prepayments	411	364	39	40
Interest receivable	742	2,198	–	–
Dividend receivable	3,696	2,677	–	–
Related parties (Note 6)	–	60	–	–
Others	634	2,390	–	–
Total	9,425	10,781	64	65
Less: Non-current other receivables and prepayments	(1,462)	–	–	–
Classified as current other receivables and prepayments	7,963	10,781	64	65

Included in advances to suppliers is an amount of S\$258,000 (2016: S\$1,427,000) advanced to related parties (Note 6). No allowance has been made against this amount.

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

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9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Movements in allowances for doubtful other receivables were as follows:

	Group	
	2017	2016
	S\$'000	S\$'000
Balance at beginning of year	386	214
Translation adjustment	(21)	(2)
Increase in allowance recognised in profit or loss	10	191
Amounts written-off	(75)	(17)
Balance at end of year	300	386

10 INVENTORIES

	Group	
	2017	2016
	S\$'000	S\$'000
Finished goods and goods for resale	24,058	18,884

The cost of inventories recognised as an expense includes a charge of S\$522,000 (2016: S\$1,098,000) in respect of allowance for inventories to net realisable value.

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements, furniture and fixtures and office equipment	Motor vehicles	Total
					S\$'000
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost:					
At January 1, 2016	1,178	497	3,844	949	6,468
Translation adjustments	67	9	(93)	(30)	(47)
Additions	42	–	293	–	335
Disposals	–	–	(523)	(69)	(592)
At December 31, 2016	1,287	506	3,521	850	6,164
Translation adjustments	(60)	(42)	(91)	(16)	(209)
Additions	–	–	359	71	430
Disposals	–	–	(287)	(14)	(301)
At December 31, 2017	1,227	464	3,502	891	6,084
Accumulated depreciation:					
At January 1, 2016	114	156	3,042	762	4,074
Translation adjustments	7	3	(72)	(22)	(84)
Depreciation	13	5	299	86	403
Disposals	–	–	(512)	(69)	(581)
At December 31, 2016	134	164	2,757	757	3,812
Translation adjustments	(7)	(14)	(68)	(13)	(102)
Depreciation	14	5	162	65	246
Disposals	–	–	(279)	(14)	(293)
At December 31, 2017	141	155	2,572	795	3,663

NOTES TO FINANCIAL STATEMENTS

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11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements, furniture and fixtures and office equipment	Motor vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
Impairment:					
At January 1, 2016	–	185	376	–	561
Translation adjustments	–	3	(18)	–	(15)
Disposals	–	–	(1)	–	(1)
At December 31, 2016	–	188	357	–	545
Translation adjustments	–	(15)	(5)	–	(20)
At December 31, 2017	–	173	352	–	525
Carrying amount:					
At December 31, 2017	1,086	136	578	96	1,896
At December 31, 2016	1,153	154	407	93	1,807

Freehold land and building includes the cost of freehold land of JPY67.1 million (S\$796,000) (2016: JPY67.1 million (S\$835,000)), which is not subject to depreciation.

	Leasehold improvements, furniture and fixtures and office equipment	Total
	S\$'000	S\$'000
Company		
Cost:		
At January 1, 2016	121	121
Additions	12	12
At December 31, 2016	133	133
Additions	2	2
At December 31, 2017	135	135
Accumulated depreciation:		
At January 1, 2016	111	111
Depreciation	6	6
At December 31, 2016	117	117
Depreciation	8	8
At December 31, 2017	125	125
Carrying amount:		
At December 31, 2017	10	10
At December 31, 2016	16	16

12 INVESTMENT PROPERTIES

	Group	
	2017	2016
	S\$'000	S\$'000
Freehold land and buildings:		
Australia	45,105	52,161
Leasehold land and buildings:		
People's Republic of China ("PRC")	2,428	2,455
	47,533	54,616

Movements in investment properties were as follows:

	Group	
	2017	2016
	S\$'000	S\$'000
Balance at beginning of year	54,616	62,391
Valuation losses for the year recognised in profit or loss, net	(6,883)	(8,484)
Translation adjustment	(200)	709
Balance at end of year	47,533	54,616

During the year, the Group recognised valuation losses on investment properties amounting to S\$6,883,000 (2016: S\$8,484,000) 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\$8,938,000 (2016: S\$8,091,000). Direct operating expenses (including repairs and maintenance) arising from the properties that generated rental income during the year amounted to S\$478,000 (2016: S\$351,000).

As at December 31, 2017, the Group has pledged investment properties having a carrying amount of approximately S\$45,105,000 (2016: S\$52,161,000) to secure banking facilities granted to the Group.

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

Description and location	Existing use	Leasehold or freehold	Tenure and unexpired lease term
Dongshan Plaza, Guangzhou, PRC	Office	Leasehold	28 years till January 23, 2045
Villas in City in City Zhongshan City, Guangdong, PRC	Residential	Leasehold	50 years till January 5, 2067
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A.

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12 INVESTMENT PROPERTIES (cont'd)

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

The fair values of the Group's investment properties in the PRC at December 31, 2017 and 2016 have been determined on the basis of valuations carried out at the respective year end dates by Colliers International (HK) Ltd., which is an independent firm of professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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

Description	Fair value as at December 31, 2017 S\$'000	Fair value as at December 31, 2016 S\$'000	Valuation technique(s)	Significant unobservable input(s)	Range
Office properties	1,503	1,518	Direct comparison approach	Price per square meter ⁽¹⁾	S\$4,171 – S\$4,210 (2016: S\$4,213 – S\$4,251)
Residential properties	925	937	Direct comparison approach	Price per square meter ⁽¹⁾	S\$1,047 – S\$1,051 (2016: S\$1,061 – S\$1,064)

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

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

The fair values of the Group's investment properties at December 31, 2017 and 2016 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 2017 and 2016 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.

12 INVESTMENT PROPERTIES (cont'd)

Fair value measurement of the Group's investment properties in Australia (cont'd)

Description	Fair value as at December 31, 2017	Fair value as at December 31, 2016	Valuation technique(s)	Significant unobservable input(s)	Range
	S\$'000	S\$'000			
Residential properties	45,105	52,161	Discounted cash flows	Selling prices per unit ⁽¹⁾ Discount rates ⁽²⁾	S\$408,516 – S\$489,378 (2016: S\$474,437 – S\$550,392) 7% (2016: 7%)

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

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

13 ASSETS HELD FOR SALE

	Group	
	2017	2016
	S\$'000	S\$'000
Properties	–	3,521
Investment properties	–	36,619
	–	40,140
Movements in properties were as follows:		
Balance at beginning of year	3,521	3,448
Disposals	(2,740)	–
Translation adjustment	(781)	73
Balance at end of year	–	3,521
Movements in investment properties were as follows:		
Balance at beginning of year	36,619	34,667
Valuation gains for the year recognised in profit or loss	–	1,166
Disposals	(32,919)	–
Translation adjustment	(3,700)	786
Balance at end of year	–	36,619

The properties were disposed of during the year with a net gain of S\$33,858,000 recorded in profit or loss.

In 2016, the Group recognised valuation gains on assets held for sale amounting to S\$1,166,000 in profit or loss.

As at December 31, 2016, the Group had pledged the above assets and the rental proceeds generated from the above to secure banking facilities granted to the Group.

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13 ASSETS HELD FOR SALE (cont'd)

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, 2016 had 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.

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.

Description	Fair value as at December 31, 2016	Valuation technique(s)	Significant unobservable input(s)	Range
	S\$'000			
Warehouse Properties*	36,619	Direct comparison approach	Price per square meter per unit ⁽¹⁾	2016: S\$5,303 – S\$5,524

(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.

14 SUBSIDIARY CORPORATIONS

	Company	
	2017	2016
	S\$'000	S\$'000
Unquoted equity shares, at cost	275,522	273,522
Amounts owing by subsidiary corporations (non-trade)	1,770	1,851
Less: impairment loss	(99,373)	(113,017)
	177,919	162,356
Amount owing to subsidiary corporations (non-trade)	(65,419)	(68,346)

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

	Company	
	2017	2016
	S\$'000	S\$'000
Balance at beginning of year	113,017	111,095
(Reversal of) Impairment loss for investment in subsidiary corporations	(13,644)	1,922
Balance at end of year	99,373	113,017

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14 SUBSIDIARY CORPORATIONS (cont'd)

Management has reversed impairment loss of S\$13,644,000 (2016: made an additional impairment loss of S\$1,922,000) for certain subsidiary corporations based on an assessment of their recoverable values, which is fair value less costs to sell. In 2017, the reversal occurred mainly as a result of the uplift in the net asset values of certain subsidiary corporations following the disposal of the assets held for sale. The net impairment in 2016 occurred mainly as a result of the decrease in the net asset values of certain subsidiary corporations from a combination of operational losses and changes in exchange rates of the currencies in which their net assets are denominated.

Amounts owing by subsidiary corporations (non-trade) include a loan of S\$1,495,000 (2016: S\$1,568,000) which bears interest at 2.25% (2016: 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\$1,495,000 (2016: S\$1,568,000) which bears interest at 2% (2016: 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 by and 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
		2017	2016	2017	2016	
		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 Ltd ⁽²⁾	Japan	7,543	7,543	100	100	Trading in lifestyle products and accessories
Thakral Lifestyle Pte Ltd	Singapore	7,716	5,716	100	100	Trading in lifestyle products and accessories
Thakral Capital Holdings Pte Ltd	Singapore	30,612	30,612	75	75	Investment holding
Thakral China Ltd ⁽⁴⁾	People's Republic of China	*	*	100	100	Investment holding and trading in lifestyle products and accessories
Thakral Electronics (Shanghai) Ltd ⁽¹⁾	People's Republic of China	*	*	100	100	Trading in lifestyle products and accessories
TCAP Pte Ltd	Singapore	*	*	75	75	Investment holding
Thakral Capital Investments Ltd ⁽³⁾	Hong Kong	*	*	75	75	Investment holding

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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
		2017	2016	2017	2016	
		S\$'000	S\$'000	%	%	
Thakral Capital Australia Pty Ltd ⁽⁵⁾	Australia	*	*	75	75	Origination, execution, and management of investment opportunities
LNG Trust ⁽¹⁾	Australia	*	*	75	75	Property development
LNG Trust No. 2 ⁽¹⁾	Australia	*	*	75	75	Property development
Thakral Japan Properties Pte Ltd ^(a)	Singapore	*	*	49.9	49.9	Investment holding
TCAP Partners Pty Ltd ⁽⁵⁾	Australia	*	*	75	75	Investment holding

* Held by subsidiary corporations

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.
 - (2) Audited by Matsui C.P.A. Office, Japan.
 - (3) Audited by Moore Stephens CPA Limited, Hong Kong.
 - (4) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd.
 - (5) Not required to be audited by law in country of incorporation.
- (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.

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14 SUBSIDIARY CORPORATIONS (cont'd)

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

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiary corporations	
		2017	2016
Investments	Hong Kong	3	3
Trading in lifestyle products and accessories	Singapore	1	1
	China	6	7
	Hong Kong	4	4
	British Virgin Islands	1	1
	Japan	1	1
	Mauritius	1	1
	India	1	1
Others	Hong Kong	2	2
		20	21

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiary corporations	
		2017	2016
Investments	Singapore	3	3
	Australia	14	14
	Hong Kong	4	4
		21	21

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	
		2017	2016	2017	2016	2017	2016
		%	%	S\$'000	S\$'000	S\$'000	S\$'000
Thakral Japan Properties Pte Ltd	Singapore	50.1	50.1	(1,362)	549	14,951	10,191
Thakral Capital Holdings Pte Ltd and its subsidiary corporations	Singapore	25	25	3,320	2,472	15,846	13,751
Total				1,958	3,021	30,797	23,942

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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	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	9,365	2,710	51,132	33,547
Non-current assets	34,447	19,435	78,203	78,154
Current liabilities	(9,683)	(828)	(40,916)	(29,934)
Non-current liabilities	(4,292)	(978)	(25,035)	(26,766)
Equity attributable to owners of the Company	14,886	10,148	47,538	41,250
Non-controlling interests	14,951	10,191	15,846	13,751
Revenue	1,188	1,557	35,732	33,816
Net other expenses	(3,906)	(462)	(22,453)	(23,927)
(Loss) Profit for the year	(2,718)	1,095	13,279	9,889
(Loss) Profit attributable to owners of the Company	(1,356)	546	9,959	7,417
(Loss) Profit attributable to the non-controlling interests	(1,362)	549	3,320	2,472
(Loss) Profit for the year	(2,718)	1,095	13,279	9,889
Other comprehensive income (loss) attributable to owners of the Company	6,095	746	(149)	680
Other comprehensive income (loss) attributable to the non-controlling interests	6,121	748	(50)	228
Other comprehensive income (loss) for the year	12,216	1,494	(199)	908
Total comprehensive income attributable to owners of the Company	4,739	1,292	9,810	8,097
Total comprehensive income attributable to the non-controlling interests	4,759	1,297	3,270	2,700
Total comprehensive income for the year	9,498	2,589	13,080	10,797
Dividends to non-controlling interests	–	–	(1,175)	(1,219)
Net cash inflow (outflow) from operating activities	419	(84)	(551)	(3,793)
Net cash (outflow) inflow from investing activities	–	–	(4,303)	6,390
Net cash inflow (outflow) from financing activities	5,218	76	4,959	(1,437)
Net cash inflow (outflow)	5,637	(8)	105	1,160

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14 SUBSIDIARY CORPORATIONS (cont'd)

Financial support

At the end of the reporting period, the Company has agreed to provide financial support to certain subsidiary corporations that are in net current liability position of S\$10.9 million (2016: S\$16.8 million).

15 JOINT VENTURES

	Group	
	2017	2016
	S\$'000	S\$'000
Cost of investment in joint ventures	513	513
Share of post-acquisition loss	(516)	(400)
Translation adjustment	3	2
	–	115

The investment in joint ventures represents the Group's investment in the retirement living joint venture, under the GemLife brand, with one of Australia's most well-known and respected developers in the resort style retirement homes sector. As at December 31, 2017, four resorts with close to a thousand homes to be built throughout the east coast of Australia have been committed, of which three resorts have commenced construction. The carrying value of the Group's equity interest in these joint venture entities as at December 31, 2017 is Nil (2016: S\$115,000) in view of the start-up operational costs incurred by the entities prior to commencement of sales.

16 LOANS RECEIVABLE

	Group	
	2017	2016
	S\$'000	S\$'000
Loans receivable – non-current, at amortised cost	31,619	25,870
Loans receivable – current, at amortised cost	48,198	28,382
	79,817	54,252

The loans receivable, denominated in Australian dollars, are secured by, inter alia, first or second mortgages over the land of the projects, first or second mortgages and debentures over the borrower and other project related entities as well as personal guarantees by owners/principal shareholders of certain developers.

The current and non-current loans receivable are extended to third parties and the joint venture entities for development projects in Australia. The effective interest rate comprises of internal rate of return of 38% (2016: 36%) and 16% (2016: 21%) per annum respectively on the principal amount and variable interest determinable at completion of the project less relevant 10% withholding tax.

Included in loans receivable is an amount of S\$17,202,000 (2016: S\$6,252,000) advanced to the joint venture entities.

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.

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17 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	
				2017	2016
		US\$'000	JPY'000	S\$'000	S\$'000
USD call JPY put (5 years)	118.29 JPY/USD	11,000	1,301,218	206	755

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

Description	Fair value as at December 31, 2017	Fair value as at December 31, 2016	Fair value hierarchy	Valuation technique	Significant unobservable input(s)
	S\$'000	S\$'000			
Option contract	206	755	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

18 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2017	2016
	S\$'000	S\$'000
At fair value:		
Unquoted investment	34,241	18,680
Club debenture	1	1
Total	34,242	18,681

18 AVAILABLE-FOR-SALE INVESTMENTS (cont'd)

Description	Fair value as at December 31, 2017	Fair value as at December 31, 2016	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range
	S\$'000	S\$'000				
Unquoted investment	34,241	18,680	Level 3	See Note (a) below	See Note (a) below	S\$4,746 – S\$7,542 (2016: S\$3,974 – S\$4,884)

Note (a)

The fair value of the unquoted investment is estimated based on the Group's share of the net asset value 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 and two hotel buildings in Japan which are leased out to external parties. (The investee has also placed a deposit to acquire a retail building.) 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.

For the hotel building acquired in November, 2017, it is carried at acquisition cost which is considered by management to approximate fair value as at December 31, 2017.

19 TRADE PAYABLES

	Group	
	2017	2016
	S\$'000	S\$'000
Outside parties	3,686	2,586
Due to related parties (Note 6)	74	47
	3,760	2,633

The average credit period on purchases of goods is 11 days (2016: 10 days).

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

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20 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 as well as corporate guarantees by the Company.

The average effective interest rates paid are as follows:

	Group	
	2017	2016
	%	%
Trust receipts and bill payables	4.18	3.22

21 BANK AND OTHER BORROWINGS

	Group	
	2017	2016
	S\$'000	S\$'000
Loans from financial institutions	16,844	5,324
Other loans	7,270	7,854
Bank loans	22,723	55,491
	46,837	68,669
Less: Amount due for settlement within 12 months (shown under current liabilities)	(31,691)	(44,664)
Amount due for settlement after 12 months	15,146	24,005

Loan from financial institutions

The loan from a financial institution of S\$6,095,000 (2016: S\$5,324,000) is arranged at fixed interest rate of 14.06% (2016: 14.06%) per annum. This loan was advanced on March 20, 2013 and is due for repayment in September, 2019 (2016: September, 2018) upon maturity. The loan amount is unsecured.

The loan from another financial institution, advanced during the year, of S\$10,749,000 is arranged at fixed interest rate of 16.5% per annum to provide funding for the investments in Australia. The loan amount is secured by a charge against the specific corresponding debt instruments issued by a developer. The loan is expected to be repaid in the next 12 months upon settlement of the underlying loans receivable.

Other loans

Other loans from certain private investors of S\$7,270,000 (2016: S\$7,854,000) are arranged, at fixed interest rates of 11% (2016: 15%) per annum for the current portion and 9% to 16% (2016: 17% to 20%) per annum for the non-current portion, to provide funding for the investments in Australia. The loans are unsecured but recourse is limited to the underlying investments. The loans have no fixed terms of repayment and shall be repaid upon settlements of the underlying projects.

Included in other loans is an amount of S\$2,909,000 (2016: Nil) due to related parties (Note 6) for co-investment in investments in Australia.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

21 BANK AND OTHER BORROWINGS (cont'd)

Bank loans (secured)

Certain bank loans amounting to S\$5,038,000 (2016: S\$26,132,000) are secured by certain fixed deposits placed with the banks (2016: fixed deposits with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company). The balance at December 31, 2016 included a 10-year mortgage loan of S\$5,439,000, which was fully repaid during the year.

Bank loans include loans drawn from a bank in Australia amounting to S\$15,835,000 (2016: S\$24,174,000) which are secured by, inter alia, mortgages over the land owned by certain Australian subsidiary corporations, general fixed and floating charges over the assets of these subsidiary corporations as well as the subsidiary corporations that lease the residential properties to the lessees. The loans are repayable in quarterly instalments with a final payment in December 2019 (2016: December 2019).

The average effective interest rates paid on bank and other borrowings are as follows:

	Group	
	2017	2016
	%	%
Loans from financial institutions	15.62	14.06
Other loans	11.99	15.95
Bank loans	4.38	4.06

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.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2017	Financing cash flow	Interest paid	Non-cash changes		December 31, 2017
				Foreign exchange movement	Accrued interest	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Bills payables and trust receipts (Note 20)	21,535	(8,881)	-	(1,447)	-	11,207
Bank and other borrowings (Note 21)	68,669	(21,297)	(2,027)	(1,440)	2,932	46,837
	90,204	(30,178)	(2,027)	(2,887)	2,932	58,044

NOTES TO FINANCIAL STATEMENTS

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22 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Accruals	8,408	6,424	381	409
Advances from customers	5,117	6,698	–	–
Value added tax (VAT)/Tax payable	6,733	5,950	–	–
Dividend payable to non-controlling shareholders in a subsidiary corporation	475	481	475	240
Sundry creditors	2,364	2,063	–	–
	23,097	21,616	856	649

Included in sundry creditors is an amount of S\$12,000 (2016: S\$225,000) due to related parties (Note 6) for the reimbursement of expenses paid on behalf of the Group.

23 PROVISIONS

	Employee long service payment
	S\$'000

Group

As at January 1, 2016	3,089
Translation adjustment	(22)
Provision for the year	370
Utilisation	(468)
As at December 31, 2016	2,969
Translation adjustment	(149)
Provision for the year	212
Utilisation	(528)
As at December 31, 2017	2,504

Company

As at December 31, 2017, at December 31, 2016 and at January 1, 2016	52
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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.

NOTES TO FINANCIAL STATEMENTS

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24 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	
	2017	2016
	S\$'000	S\$'000
Balance as at beginning of year	1,143	1,035
Translation adjustment	(183)	48
Charge to other comprehensive income for the year	3,480	126
Charge (Credit) to profit or loss for the year (Note 31)	60	(66)
Balance as at end of year	4,500	1,143

25 ISSUED CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		S\$'000	S\$'000
Issued and fully paid:				
At end of year and beginning of year	130,860,616	130,860,616	72,579	72,579

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All fully paid ordinary shares, which have no par value, carry one vote per share without restrictions.

26 RESERVES

The capital reserve arose upon the reorganisation of shareholdings in the subsidiary corporations under common control.

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

The 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 27.

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.

NOTES TO FINANCIAL STATEMENTS

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27 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. No share options were granted subsequently.

The remaining 35,000 share options, after adjusting for the consolidation of shares in 2015, that were outstanding at the beginning of the year, expired during the year.

No options were granted or exercised in 2017 and 2016.

Thakral Capital Holdings Pte Ltd, a subsidiary corporation of the Company, also has a share option scheme for all TCH Group employees and directors which had been approved at an Extraordinary General Meeting on April 29, 2015 ("the TCH Scheme"). Options are exercisable at prices specified at the time of the grant. If options granted remain unexercised after a period of 5 years (depending on the term specified in the options) from the relevant vesting date, the options expire. Except for certain specified circumstances, options are forfeited if the employee leaves the TCH Group.

No options were granted in 2017 or 2016 under the TCH Scheme.

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

28 REVENUE

	Group	
	2017	2016
	S\$'000	S\$'000
Product sales and related service income	115,539	178,647
Interest income from loans receivable	21,267	20,459
Dividend income from unquoted investment	1,188	1,557
Management fee and other service income	6,298	6,139
Rental income (Notes 12 and 37)	8,938	8,091
	153,230	214,893

29 OTHER OPERATING INCOME

	Group	
	2017	2016
	S\$'000	S\$'000
Government subsidies	18	141
Compensation received	–	402
Others	301	267
	319	810

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30 FINANCE COSTS

	Group	
	2017	2016
	S\$'000	S\$'000
Interest expense to non-related parties	5,374	5,330
Interest expense to related parties (Note 6)	58	–
Interest expense for the year	5,432	5,330

31 INCOME TAX

	Group	
	2017	2016
	S\$'000	S\$'000
Current taxation:		
Provision for taxation in respect of current year	624	677
(Overprovision) Underprovision in prior years	(44)	159
Deferred tax:		
Amount charged (reversed) for taxation in respect of deferred tax liabilities in current year (Note 24)	60	(66)
Income tax expense for the year	640	770

The income tax is calculated at 17% (2016: 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	
	2017	2016
	S\$'000	S\$'000
Profit before income tax	40,346	4,214
Income tax charge at statutory rate of 17%	6,858	716
Tax effect of:		
Expenses that are not deductible in determining taxable profit	3,093	3,536
Income that is not taxable in determining taxable profit	(10,883)	(5,748)
Current year's tax losses not recognised	1,944	1,816
Different tax rates of the subsidiary corporations operating in other jurisdictions	174	307
Tax effect on utilisation of deferred tax benefits previously not recognised	(502)	(16)
Overprovision (Underprovision) of tax in respect of prior years	(44)	159
Total income tax expense for the year	640	770

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31 INCOME TAX (cont'd)

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

	Group	
	2017	2016
	S\$'000	S\$'000
Amount at beginning of year	249,045	240,558
Tax losses expired during the year	(2,767)	(3,009)
Amount in current year	11,437	10,677
Translation adjustment	(2,227)	686
Adjustment for prior years after finalisation	144	231
Amount utilised in current year	(2,950)	(98)
Amount at end of year	252,682	249,045
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	44,912	44,277

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

	Group	
	2017	2016
	S\$'000	S\$'000
Amount at beginning of year	1,159	1,332
Amount in current year	(940)	220
Amount utilised in current year	(18)	(393)
Amount at end of year	201	1,159
Deferred tax benefit on above not recorded	34	197

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 (2016: 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.

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32 PROFIT FOR THE YEAR

	Group	
	2017	2016
	S\$'000	S\$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	4,426	1,722
of subsidiary corporations	4,527	1,522
Total directors' remuneration	8,953	3,244
Cost of inventories recognised as expense	102,634	168,033
Audit fees:		
Paid to auditors of the Company		
Current year	239	252
Overprovision in prior year	(29)	–
Paid to other auditors		
Current year	286	310
Non-audit fees paid to auditors:		
Auditors of the Company	46	41
Other auditors	5	10
Loss on disposal of property, plant and equipment	5	2
Allowance for inventories recognised in cost of sales	522	1,098
Loss on derivative financial instruments – net	532	280
Foreign currency exchange adjustment loss	741	1,391
Impairment loss on financial assets:		
Allowance for (Reversal of) doubtful trade receivables	205	(7)
Allowance for doubtful other receivables	10	191
Total impairment loss on financial assets recognised in administrative expenses	215	184
Depreciation of property, plant and equipment	246	403
Employee benefits expense (including directors' remuneration):		
Salaries, wages, bonus and others	16,951	14,747
Defined contribution plans	929	889
Total employee benefits expense	17,880	15,636

33 DIVIDENDS

On August 21, 2017 a tax-exempt (one-tier) interim dividend of S\$0.02 per share (total dividend of S\$2,617,000) was paid to shareholders in respect of the financial year ended December 31, 2017. On November 27, 2017, a special interim dividend of S\$0.03 per share (total dividend of S\$3,926,000) was paid to shareholders.

On December 7, 2016, a tax-exempt (one-tier) interim dividend of S\$0.02 per share (total dividend of S\$2,617,000) was paid to shareholders in respect of the financial year ended December 31, 2016.

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34 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

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

	2017	2016
	Cents	Cents
Basic earnings per share	28.85	0.32
Diluted earnings per share	28.85	0.32
Weighted average number of ordinary shares	130,860,616	130,860,616

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

	2017	2016
	S\$'000	S\$'000
Profit for the year attributable to equity holders of the Company	37,748	423

35 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.

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.

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35 SEGMENT INFORMATION (cont'd)

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, 2017

	INV	LIFE	OTH	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
External sales	37,691	115,539	–	153,230
Result				
Segment operating result	23,177	(1,255)	(1,309)	20,613
Gain on disposal of assets held for sale	33,858	–	–	33,858
Valuation losses on investment properties, net	(6,883)	–	–	(6,883)
Share of loss of joint ventures	(116)	–	–	(116)
Segment result	50,036	(1,255)	(1,309)	47,472
Unallocated corporate expenses				(1,446)
Finance income				493
Finance costs				(5,432)
Foreign exchange loss				(741)
Profit before income tax				40,346
Income tax				(640)
Profit for the year				39,706
Other information				
Capital expenditure:				
Property, plant and equipment	27	401	2	430
Depreciation expense	24	214	8	246
Assets				
Segment assets	186,931	66,274	1,964	255,169
Total assets				255,169
Liabilities				
Segment liabilities	56,602	30,144	659	87,405
Income tax payable				554
Deferred tax liability				4,500
Total liabilities				92,459

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35 SEGMENT INFORMATION (cont'd)

Group's reportable segments (cont'd)

Year ended December 31, 2016

	INV	LIFE	OTH	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
External sales	36,246	178,647	–	214,893
Result				
Segment operating result	27,223	(6,571)	(1,452)	19,200
Valuation losses on investment properties and assets held for sale, net	(7,318)	–	–	(7,318)
Share of loss of joint ventures	(400)	–	–	(400)
Segment result	19,505	(6,571)	(1,452)	11,482
Unallocated corporate expenses				(1,538)
Finance income				991
Finance costs				(5,330)
Foreign exchange loss				(1,391)
Profit before income tax				4,214
Income tax				(770)
Profit for the year				3,444
Other information				
Capital expenditure:				
Property, plant and equipment	5	318	12	335
Depreciation expense	17	380	6	403
Assets				
Segment assets	176,348	63,060	291	239,699
Total assets				239,699
Liabilities				
Segment liabilities	51,537	65,433	452	117,422
Income tax payable				721
Deferred tax liability				1,143
Total liabilities				119,286

35 SEGMENT INFORMATION (cont'd)

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.

	Revenue		Capital expenditure		Non-current assets*	
	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
People's Republic of China (including Hong Kong)	133,336	191,674	353	231	3,106	2,974
Australia	12,512	12,632	27	5	45,122	52,169
Others	7,382	10,587	50	99	1,201	1,280
	153,230	214,893	430	335	49,429	56,423

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 and joint ventures.

Information about major customers

Included in revenues of S\$115,539,000 (2016: S\$178,647,000) arising from the Lifestyle segment are revenues of approximately S\$12,078,000 (2016: S\$48,064,000) which arose from sales to 1 (2016: 2) of the Group's largest customers.

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36 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiary corporations in the Group	–	–	11,207	26,974

At the end of the reporting period, the Group has granted certain Interest and/or Cost Overrun Guarantees for a maximum of S\$5.2 million (2016: S\$8.0 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's loans receivable for the projects to fund the construction of housing units in Australia. There has been no call/demand from the banks on the guarantees to date.

At the end of the reporting period, the Group has granted certain Guarantees for a maximum of S\$15.8 million (2016: S\$8.4 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's loans receivable for the projects to fund the construction of housing units in Australia. There has been no call/demand from the banks on the guarantees to date.

At the end of the prior year, the Company had granted a Sponsor Guarantee for a maximum of S\$43.3 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 had been no call/demand from the bank on the guarantee. The loan was repaid during the year and the guarantee was released.

At the end of the prior year, the Company had granted a Guarantee for a maximum of S\$15.7 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 housing units in Australia. There had been no call/demand from the bank on the guarantee. The loan was repaid during the year and the guarantee was released.

Commitments

As at December 31, 2017, the investment subsidiary corporation of the Group, Thakral Capital Investments Limited ("TCIL"), has entered into the following agreements to participate in the development of the projects in Australia in respect of which the full amount of capital committed for those projects has not been recorded as liabilities in the financial statements. The details of the projects are as follows:

- (a) Projects owned by the joint venture entities where TCIL has committed to provide or procure the provision of about A\$35.0 million (equivalent to S\$36.5 million) (2016: A\$20.0 million (equivalent to S\$20.9 million)) by way of progressive subscriptions of debt instruments. Monies of A\$15.0 million (equivalent to S\$15.7 million) (2016: A\$5.7 million (equivalent to S\$5.9 million)) have been recorded as loans receivable in Note 16 for the amounts provided by the Group. As at December 31, 2017, the Group has procured the provision of approximately A\$26.0 million (equivalent to S\$27.2 million) (2016: A\$13.1 million (equivalent to S\$13.6 million)). Additional capital required shall be sourced from, inter alia, external capital providers by way of mezzanine debt.

36 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

Commitments (cont'd)

- (b) Projects where TCIL has committed to provide or procure the provision of about A\$18.5 million (equivalent to S\$19.3 million) by way of progressive subscriptions of debt instruments. Monies of A\$7.1 million (equivalent to S\$7.4 million) have been recorded as loans receivable in Note 16 for the amounts provided by the Group. As at December 31, 2017, the Group has procured the provision of approximately A\$10.3 million (equivalent to S\$10.8 million). Additional capital required shall be sourced from, inter alia, external capital providers by way of mezzanine debt.

As at December 31, 2017, the joint venture entities also committed to acquire one land parcel in Australia for a consideration of about A\$15.0 million (equivalent to S\$15.7 million). Deposits totaling A\$1.4 million (equivalent to S\$1.5 million) were paid by the joint venture entities during the year for the acquisition of this land.

As at December 31, 2017, Thakral Japan Properties Pte Ltd, an investment subsidiary corporation of the Group, committed to invest JPY564.3 million (S\$6.7 million) in an investee for the acquisition of an office building in Osaka, Japan. The investment has been funded proportionally by the shareholders of Thakral Japan Properties Pte Ltd and was completed in January 2018.

37 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, warehouse and residential premises were as follows:

	Group		Company	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	1,236	827	46	62
In the second to fifth years inclusive	647	604	–	46
	1,883	1,431	46	108

Operating lease expense during the year amounted to S\$1,603,000 (2016: S\$2,135,000).

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

The Group as lessor

The Group rents out certain investment properties (which included those held for sale in Hong Kong in 2016) 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	
	2017	2016
	S\$'000	S\$'000
Within 1 year	8,128	8,359
In the second to fifth years inclusive	13,659	22,162
	21,787	30,521

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37 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor (cont'd)

Leases are negotiated for an average of 3 years and rentals, except for the residential houses in Australia, are fixed for an average of 3 years. The rentals for the residential houses in Australia are increased at agreed rates on a quarterly basis.

Property rental income earned during the year was S\$8,938,000 (2016: S\$8,091,000) (Note 28).

38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 – In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of the last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will be electing the option to reset the translation reserve to zero as at date of transition that will result in material adjustments on transition to the new framework.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period December 31, 2018, it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* (cont'd)

New SFRS(I) that may have impact – The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 2 *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis*
- SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

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

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces 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 SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments 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 FVTOCI. All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, 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, SFRS(I) 9 requires that the amount of change in fair value of such 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 the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. 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. Under SFRS(I) 9, 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.

38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

Classification and measurement

The Group has loans receivable extended to third parties and the joint venture entities for development projects in Australia. These loans are currently being carried at amortised cost and earn fixed interest income based on contractual rates and variable returns determinable at completion of the development projects. The classification and measurement basis for these loans receivable may change with the adoption of SFRS(I) 9.

Management anticipates that the initial application of the new SFRS(I) 9 will result in changes to the accounting policies relating to its loans receivable. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application SFRS(I) 9 as the management has yet to complete its detailed assessment.

Unquoted investment classified as available-for-sale investment is currently carried at fair value with changes in fair value recorded in other comprehensive income unless there is an impairment which will be recorded to profit or loss. With the adoption of SFRS(I) 9, such investment is required to be measured at FVTPL unless it meets certain criteria whereby the Group can make an irrevocable election, at initial recognition, to measure the investment at FVTOCI. The change in accounting treatments for financial assets carried at FVTPL and FVTOCI under the new SFRS(I) 9 are disclosed above.

Management has performed a detailed analysis of the new SFRS(I) 9 on its available-for-sale investment, which are effective from financial year ending December 31, 2018, and determined that fair value changes to the investments will impact the statement of profit and loss instead of investment revaluation reserve. The estimable effects on statement of financial position are disclosed below.

Except for the above, the management anticipates that all other financial assets and financial liabilities will continue to be measured on the same bases as currently adopted under FRS 39.

Impairment

In general, the management anticipates that the application of the expected credit loss model of SFRS(I) 9 may result in earlier recognition of credit losses for the respective financial assets and are currently assessing the potential impact.

Overall, the management anticipates that the initial application of the new SFRS(I) 9 will result in changes to the accounting policies relating to impairment provisions of financial assets. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application of SFRS(I) 9 as the management has yet to complete its detailed assessment.

NOTES TO FINANCIAL STATEMENTS

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38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 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 SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

The management has preliminarily assessed and identified that the sale of hardware to certain customers along with installation and maintenance services represent two separate performance obligations from the sale of hardware (including installation) and maintenance. Accordingly, revenue should be recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customer. Management anticipates that there will be no material adjustments expected from the initial application of the new SFRS(I) 15.

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately S\$1.88 million disclosed as operating lease commitments in Note 37. A preliminary assessment indicates that certain leases will meet the definition of a lease under SFRS(I) 16, and hence the Group will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have an impact on the amount recognised in the Group's financial statements and the management is currently assessing its potential impact. It is not practical to provide a reasonable estimate of the financial effect until the management completes the review.

Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

38 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Estimable effects on Statement of Financial Position

- (A) Estimable effects on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As currently reported under FRS	Transition to SFRS(I) 1	Initial application of SFRS(I) 9	As adjusted under SFRS(I)
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Line items</u>				
<i>Foreign currency translation reserve</i>	(27,680)	27,680	–	–
<i>Investment revaluation reserve</i>	1,804	–	(1,804)	–
<i>Retained earnings</i>	55,666	(27,680)	1,804	29,790

- (B) Estimable effects on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As currently reported under FRS	Transition to SFRS(I) 1	Initial application of SFRS(I) 9	As adjusted under SFRS(I)
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Line items</u>				
<i>Foreign currency translation reserve</i>	(29,976)	27,680	(234)	(2,530)
<i>Investment revaluation reserve</i>	8,337	–	(8,337)	–
<i>Retained earnings</i>	89,884	(27,680)	8,571	70,775

APPENDIX 3 - UNAUDITED FY2018 RESULTS

The information set out in this **Appendix 3** is a reproduction of selected financial information extracted from the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018, and was not specifically prepared for inclusion in this Circular.



Full Year and Fourth Quarter Financial Statements Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, for the year and fourth quarter ended 31 December 2018, together with a comparative statement for the corresponding period of the immediately preceding financial year

These figures have not been audited.

	Note	Group			Group		
		S\$000		% Increase / (Decrease)	S\$000		% Increase / (Decrease)
		Yearended			Three months ended		
		31Dec 2018	31Dec 2017	31Dec 2018	31Dec 2017		
			(restated)		(restated)		
Revenue	1	157,124	153,230	3	34,745	42,238	(18)
Cost of sales		(105,461)	(103,687)	2	(20,291)	(25,000)	(19)
Gross profit	1	51,663	49,543	4	14,454	17,238	(16)
Other operating income	2	360	319	13	21	184	(89)
Distribution costs	3	(8,444)	(6,536)	29	(1,728)	(2,182)	(21)
Administration expenses	4	(17,544)	(20,970)	(16)	(4,708)	(7,193)	(35)
Other operating expenses	5	(506)	(778)	(35)	(82)	(180)	(54)
Profit from operations		25,529	21,578	18	7,957	7,867	1
Gain on disposal of assets held for sale	6	-	33,858	(100)	-	(326)	100
Valuation losses on investment properties, net	6	(7,072)	(6,883)	3	(2,509)	(2,268)	11
Finance income	7	67	493	(86)	31	76	(59)
Finance costs	8	(4,235)	(5,432)	(22)	(734)	(1,392)	(47)
Foreign exchange loss	9	(1,109)	(741)	50	(55)	(814)	(93)
Share of profit (loss) of associate and joint ventures	10	13,562	(116)	NM	13,562	-	NM
Profit before income tax		26,742	42,757	(37)	18,252	3,143	481
Income tax expenses	11	(6,503)	(3,051)	113	(5,260)	(1,795)	193
Profit for the year / quarter		20,239	39,706	(49)	12,992	1,348	864
<u>Profit (loss) attributable to:</u>							
Equity holders of the Company		9,297	37,748	(75)	5,051	1,534	229
Non-controlling interests		10,942	1,958	459	7,941	(186)	NM
		20,239	39,706	(49)	12,992	1,348	864

NM – Not meaningful

THAKRAL CORPORATION LTD AND SUBSIDIARIES

	Note	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
		Year ended			Three months ended		
		31Dec 2018	31Dec 2017		31Dec 2018	31Dec 2017	
Profit for the year / quarter		20,239	39,706	(49)	12,992	1,348	864
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation loss arising on consolidation	12	(4,375)	(2,786)	57	(246)	(977)	(75)
Fair value gain on available-for-sale investments, net of tax	1	-	13,095	(100)	-	12,434	(100)
Other comprehensive (loss) income for the year / quarter, net of tax		(4,375)	10,309	NM	(246)	11,457	NM
Total comprehensive income for the year / quarter		15,864	50,015	(68)	12,746	12,805	(0)
<u>Total comprehensive income attributable to:</u>							
Equity holders of the Company		5,338	41,985	(87)	4,300	7,164	(40)
Non-controlling interests		10,526	8,030	31	8,446	5,641	50
		15,864	50,015	(68)	12,746	12,805	(0)

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:

Reclassification

Reclassifications have been made to the prior year's Consolidated Income Statement - an amount of S\$2,411,000 (Q4-FY17: S\$1,139,000) related to withholding tax on certain investment income, previously included as administration expenses, is now reclassified as income tax expenses to better reflect the nature of the expenses. The corresponding figures reported in the previous quarterly announcements for the current year are reclassified accordingly to enable comparability.

Note 1:

Group turnover rose to S\$157.1 million for the financial year ended 31 December 2018, from S\$153.2 million achieved in the previous year. Gross profit margin (33%) for the current year remained broadly the same as the 32% last year.

As per the requirements of the new financial reporting standards (please refer to page 13-14 for more details), the fair value gain of S\$5.3 million on financial assets measured at fair value through income statement (previously classified as available-for-sale investments with fair value gain recognised in reserves) is recognised as revenue in the Income Statement from 1 January 2018. The Group has chosen not to restate the comparative information for SFRS(I) 9 as permitted by the short-term exemption from SFRS(I) 1 in its first year of transition. The fair value gain (S\$13.1 million) net of deferred tax was included as other comprehensive income in the previous year.

Revenue includes investment income of S\$27.8 million (year ended 31 Dec 17: S\$22.5 million).

Note 2:

Other operating income comprises:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Year ended			Three months ended		
	31Dec 2018	31Dec 2017		31Dec 2018	31Dec 2017	
Government subsidies	304	18	NM	-	-	NM
Others	56	301	(81)	21	184	(89)
Total	360	319	13	21	184	(89)

- i. The unit in China received higher VAT and other subsidies during the year.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:

Note 3:

Distribution costs comprise:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Year ended			Three months ended		
	31Dec 2018	31Dec 2017		31Dec 2018	31Dec 2017	
Staff costs	(3,709)	(3,584)	3	(278)	(989)	(72)
Advertising & promotion	(1,950)	(571)	242	(796)	(522)	52
Transportation	(1,077)	(1,062)	1	(319)	(265)	20
Travelling expenses	(267)	(356)	(25)	1	(102)	NM
Others	(1,441)	(963)	50	(336)	(304)	11
Total	(8,444)	(6,536)	29	(1,728)	(2,182)	(21)

- Staff costs increased due to the higher number of sales personnel in the current year as well as from the effect of the annual salary increment given to personnel earlier this year. The reduction in the quarter was due to the reclassification of amounts relating to the beauty service business to cost of sales.
- Increased marketing and advertising activity, including participation in trade fairs and online channels, for the Group's beauty and wellness products resulted in higher Advertising and promotion expenses. The previous year had also included the one-off marketing support received from a brand owner.
- The reduction in the quarter in Travelling expenses was due to the reclassification of amounts relating to the beauty service business to cost of goods sales.
- The increase in Others in this year is mainly from the incremental costs for the warehouse leased in Hong Kong after the sale of the Group's warehouse properties.

Note 4:

Administration expenses comprise:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Year ended			Three months ended		
	31Dec 2018	31Dec 2017		31Dec 2018	31Dec 2017	
Staff costs (including executive directors)	(12,655)	(14,502)	(13)	(3,666)	(4,482)	(18)
Directors' fees	(548)	(476)	15	(137)	(119)	15
Professional fees	(1,666)	(2,888)	(42)	(547)	(1,933)	(72)
Rent & rates	(748)	(713)	5	(275)	(160)	72
Travelling expenses	(535)	(348)	54	(104)	(119)	(13)
Insurance	(277)	(270)	3	(69)	(55)	25
Allowance for doubtful debts	(128)	(215)	(40)	(112)	(127)	(12)
Others	(987)	(1,558)	(37)	202	(198)	NM
Total	(17,544)	(20,970)	(16)	(4,708)	(7,193)	(35)

- Staff costs, excluding the special bonus in relation to the sale of the Hong Kong warehouse properties in the previous year, increased slightly compared to those incurred last year mainly due to the effect of salary increments granted earlier this year.
- Directors' fees were approved by shareholders.
- Professional fees, excluding the management fees accrued last year, increased mainly due to higher legal fees for debt recovery and the Riverwalk acquisition.
- Rental expense increased due to the higher rental cost of the new office in China.
- Travelling expenses were higher due to increased travel by directors and management during the year.
- Allowance for doubtful debts reduced since no major allowance for trade receivables was made this year.
- Negative Other expense for the latest quarter is from a combination of reduction in general administration expenses and the reversal of certain previously accrued expenses.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:

Note 5:

Other operating expenses comprise:

	S\$'000		%	S\$'000		%
	Year ended			Three months ended		
	31Dec 2018	31Dec 2017	Increase / (Decrease)	31Dec 2018	31Dec 2017	Increase / (Decrease)
Depreciation	(294)	(246)	20	(81)	(65)	25
Loss on derivative financial instrument	(212)	(532)	(60)	(1)	(115)	(99)
Total	(506)	(778)	(35)	(82)	(180)	(54)

- i. Depreciation increased mainly from leasehold improvements and upgraded computer software and hardware in Hong Kong as well as from replacement of certain motor vehicles.
- ii. The loss on derivative financial instrument arose mainly from the fair valuation of the hedge for the capital invested in the Japanese property holding vehicle.

Note 6:

The gain in FY2017 arose from the disposal of the warehouse properties in Hong Kong.

The Group recognized a net valuation loss for the year on the GLNG houses in Australia (which is expected to continue until the end of the lease terms) net of the gains seen on the other investment properties in China and Singapore.

Note 7:

Finance income declined from a combination of lower interest-earning deposits and lower interest rates on these funds in the current year. The reversal of previously accrued interest in respect of a long-term deposit placed in China also contributed to this decline.

Note 8:

Finance costs reduced in view of the lower level of borrowings compared with the previous year.

Note 9:

Foreign exchange translation loss for the year arose mainly from the weakening of the Australian Dollar on the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the year.

Note 10:

The share of profits from associate and joint ventures arose mainly from the unrealized valuation gains on the Group's Japanese property investments under TJP Pte Ltd and the GemLife joint venture for the development and management of retirement resorts in Australia.

Note 11:

Income tax for the year mainly relates to the deferred tax on the share of profit of associate and joint ventures as well as fair value gain on the financial assets measured at fair value through income statement which is now accounted through the income statement (the tax impact was included as other comprehensive income in the previous year). This also includes the withholding tax on the income from Investment Division projects and the distributions declared by the Japanese property holding vehicles (previously included as administration expenses).

The overall increase in income tax expenses compared to the previous year was mainly due to the deferred tax on the valuation gains recognised on the various assets during the year, net of the reversal of previously accrued tax on certain housing projects in Australia.

Note 12:

These unrealized translation differences arose due to fluctuations in exchange rates of the foreign currencies in which the net assets of the Group's overseas operations are denominated.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group (S\$ '000) as at		Company (S\$ '000) as at	
		31Dec 2018	31Dec 2017	31Dec 2018	31Dec 2017
					(restated)
ASSETS					
Current assets					
Cash and bank balances	1	11,510	46,175	944	1,890
Trade receivables	2	10,065	11,807	-	-
Other receivables and prepayments		7,623	7,963	71	64
Debt instruments measured at fair value through income statement	4	18,540	-	-	-
Loans receivable	4	-	48,198	-	-
Inventories		24,180	24,058	-	-
Total current assets		71,918	138,201	1,015	1,954
Non-current assets					
Fixed deposits	1	-	10	-	-
Other receivables	3	1,695	1,462	-	-
Debt instruments measured at fair value through income statement	4	53,349	-	-	-
Loans receivable	4	-	31,619	-	-
Property, plant and equipment	5	3,492	1,896	19	10
Investment properties	6	66,489	47,533	-	-
Subsidiary corporations		-	-	115,980	120,556
Associate	7	28,373	-	-	-
Joint ventures	8	4,182	-	-	-
Derivative financial instrument		-	206	-	-
Financial assets measured at fair value through income statement	9	44,744	-	-	-
Available-for-sale investments	9	-	34,242	-	-
Total non-current assets		202,324	116,968	115,999	120,566
Total assets		274,242	255,169	117,014	122,520
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	10	3,999	3,760	-	-
Trust receipts	10	10,968	11,207	-	-
Bank and other borrowings	11	24,933	31,691	4,342	-
Other payables	12	16,789	18,308	444	856
Provisions		2,706	2,504	52	52
Income tax payable	13	3,082	4,621	-	-
Total current liabilities		62,477	72,091	4,838	908
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	6,950	8,056
Bank and other borrowings	11	19,419	15,146	-	-
Deferred tax liability	13	10,593	5,222	-	-
Total non-current liabilities		30,012	20,368	6,950	8,056
Total liabilities		92,489	92,459	11,788	8,964
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		59,563	59,334	32,647	40,977
Equity attributable to equity holders of the Company		132,142	131,913	105,226	113,556
Non-controlling interests	14	49,611	30,797	-	-
Total equity		181,753	162,710	105,226	113,556
Total liabilities and equity		274,242	255,169	117,014	122,520

THAKRAL CORPORATION LTD AND SUBSIDIARIES

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 30,335,000	S\$ 5,566,000	S\$ 36,282,000	S\$ 6,616,000

Please also see note (11) on page 9

Details of any collateral

Charge over property in Singapore; pledged bank deposits of S\$2.7 million; Company's corporate guarantee

Mortgages over the land owned by certain Australian subsidiaries in Gladstone, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees

Amount repayable after one year

As at 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 14,962,000	S\$ 4,457,000	S\$ 6,547,000	S\$ 8,599,000

Please also see note (11) on page 9

Details of any collateral

Charge over property in Singapore; Company's corporate guarantee

Mortgages over the land owned by certain Australian subsidiaries in Gladstone, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees

THAKRAL CORPORATION LTD AND SUBSIDIARIES

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

(\$\$ '000)

Note

	Year ended		Three months ended	
	31Dec 2018	31Dec 2017 (restated)	31Dec 2018	31Dec 2017 (restated)
OPERATING ACTIVITIES				
Profit before income tax	26,742	42,757	18,252	3,143
Adjustments for:				
Depreciation expense	294	246	81	65
Share of (profit)/loss of associate and joint ventures	(13,562)	116	(13,562)	-
Interest income from loans receivable and dividend income from unquoted investments	-	(22,455)	-	(11,295)
Dividend income from financial assets measured at fair value through income statement	(934)	-	(233)	-
Fair value gain on debt instruments	(21,566)	-	(6,953)	-
Fair value gain on financial assets	(5,305)	-	(4,015)	-
Interest expense	4,235	5,432	734	1,392
Interest income	(67)	(493)	(31)	(76)
Loss on disposal of property, plant and equipment	13	5	12	-
Gain on disposal of assets held for sale	-	(33,858)	-	326
Valuation losses on investment properties, net	7,072	6,883	2,509	2,268
Unrealised loss on outstanding derivative financial instrument	212	532	1	115
Net unrealised foreign exchange loss (gain)	649	2,216	(159)	2,397
Share-based payment expenses	3	-	3	-
Provision for employee benefits	330	212	94	108
Allowance for inventories	2,592	522	1,501	350
Allowance for doubtful trade receivables	115	205	111	127
Allowance for doubtful other receivables	13	10	1	-
Operating cash flows before movements in working capital	836	2,330	(1,654)	(1,080)
Trade receivables	1,597	(2,858)	5,690	2,723
Other receivables and prepayments	(1,116)	717	781	1,209
Inventories	(3,076)	(6,880)	2,796	(7,285)
Trade and bills payable	237	1,298	(2,514)	1,576
Other payables and provisions	(728)	218	(6,604)	(3,014)
Cash used in operations	(2,250)	(5,175)	(1,505)	(5,871)
Income tax paid	(2,537)	(1,747)	(1,570)	(40)
Interest paid	(5,357)	(4,566)	(597)	(1,087)
Interest received	739	1,910	26	70
Net cash used in operating activities	(9,405)	(9,578)	(3,646)	(6,928)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,849)	(430)	(486)	(272)
Additions to investment properties	(29,210)	-	-	-
Proceeds from disposal of property, plant and equipment	2	3	-	-
Proceeds from disposal of assets held for sale	-	69,517	-	62,029
Investments in associate	(18,144)	-	(18,144)	-
Investments in joint ventures	(518)	-	(518)	-
Dividend received from financial assets measured at fair value through income statement	1,458	-	-	-
Additions to financial assets measured at fair value through income statement	(3,345)	-	13,891	-
Repayments of debt instruments measured at fair value through income statement	48,387	-	10,852	-
Additions to debt instruments measured at fair value through income statement	(25,164)	-	(4,175)	-
Repayments of loans receivable - current and non-current	-	26,701	-	6,882
Additions to loans receivable - current and non-current	-	(31,323)	-	(10,376)
Net cash (used in) generated from investing activities	(28,383)	64,468	1,420	58,263
FINANCING ACTIVITIES				
Dividend paid to non-controlling shareholders in a subsidiary corporation	(475)	(1,181)	-	(945)
Dividends paid	(5,234)	(6,543)	(2,617)	(3,926)
Cash contributions from non-controlling shareholders in a subsidiary corporation	8,410	-	-	-
Decrease (increase) in fixed deposits with maturities exceeding three months	2,244	(2,282)	(21)	(2,282)
Decrease (increase) in pledged fixed deposits	6,154	12,657	(238)	6,541
Increase in trust receipts	(391)	(8,881)	(679)	(11,140)
Increase (decrease) in factoring loan	790	-	(1,033)	-
Other loans	4,218	19,956	4,218	3,669
Repayments of other loans	(15,983)	(9,614)	(1,162)	(3,146)
Loans from banks	22,102	1,327	-	715
Repayments of bank loans	(10,050)	(32,966)	(1,971)	(15,854)
Net cash generated from (used in) financing activities	11,785	(27,527)	(3,503)	(26,368)
Net (decrease) increase in cash and cash equivalents	(26,003)	27,363	(5,729)	24,967
Cash and cash equivalents at beginning of year / quarter	34,911	7,690	14,391	9,957
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(220)	(142)	26	(13)
Cash and cash equivalents at end of year / quarter	8,688	34,911	8,688	34,911
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	8,688	34,911	8,688	34,911
	8,688	34,911	8,688	34,911

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Statements of Financial Position and Consolidated Statement of Cash Flows:

Reclassification

To enable comparability with the current year's statement, the following reclassifications have been made to the prior year's statements:

Statement of Financial Position of the Group - an amount of S\$4,789,000, previously included as current other payable, is now partly reclassified to current income tax payable (S\$4,067,000) and non-current deferred tax liability (S\$722,000) to align with the reclassification made in the prior year's consolidated income statement. The relevant figures in the Statement of cash flows have been reclassified accordingly.

Statement of Financial Position of the Company - an amount of S\$57,363,000, previously included as amount due to a subsidiary corporation, is now reclassified and offset against the investment in subsidiary corporations to better reflect the nature of the advance.

Note 1:

Cash and bank balances are comprised of:

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Cash and cash equivalents	S\$8.7 million	S\$34.9 million
Fixed deposits with maturities exceeding three months	S\$0.1 million	S\$2.4 million
Fixed deposits that have been pledged to banks against trust receipts and factoring loan	S\$2.7 million	S\$2.5 million
Fixed deposits that have been pledged to banks against bank loans	-	S\$6.4 million
Total (including non-current fixed deposits)	<u>S\$11.5 million</u>	<u>S\$46.2 million</u>

Note 2:

Trade receivables declined due to a combination of collections and lower sales in the quarter.

Included in trade receivables is an amount of S\$0.8 million (31 Dec 17: Nil) which was factored to a bank on a full recourse basis. The cash received from the factoring is included as bank borrowing (Note 11).

Note 3:

Non-current other receivables mainly represent advances made to the GemLife joint venture entities which will be converted to debt instruments measured at fair value through income statement with a tenor of more than 12 months upon successful completion of the acquisition of land parcels.

Note 4:

Aggregate debt instruments measured at fair value through income statement (previously classified as loans receivable measured at amortised cost; please refer to page 13-14 for more details) reduced in view of settlements received from the Fortitude Valley, Progress Road and Newstead projects net of the investments made in the GemLife and other ongoing projects in Australia. Of the total debt instruments measured at fair value through income statement of S\$71.9 million (31 Dec 17: S\$79.8 million), debt instruments due by the GemLife joint venture entities amount to S\$34.8 million (31 Dec 17: S\$17.2 million) as at 31 December 2018.

Note 5:

Property, plant and equipment included the apportioned cost (less depreciation) of the office space occupied by the Group in the Riverwalk property that was acquired during the year.

Note 6:

The increase mainly reflects the value of the Riverwalk property in Singapore acquired during the year, net of the valuation loss on the GLNG houses in Australia during the year.

The Group consolidates the investment properties and the relevant bank loans for the two GLNG projects on its statement of financial position. The recourse of the bank for the loans provided remains limited to the GLNG projects only.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Statements of Financial Position and Consolidated Statement of Cash Flows:

Note 7:

The Group invested in commercial properties and hotel building in Japan through a new pooled investment structure which is accounted for as an associate by the Group in the latest quarter as the Group has significant influence over this new structure. This includes the valuation uplift on the underlying properties.

Note 8:

This represents the Group's interest in the joint venture entities for the GemLife retirement housing business. This includes share of profit of these entities for the year.

Note 9:

This represents the Group's investments in commercial properties and hotel buildings in Japan through pooled investment structures which are accounted for as financial assets measured at fair value through income statement.

With the adoption of SFRS(I) 9, the investments are carried as financial assets measured at fair value through income statement (previously classified as available-for-sale investments measured at fair value through other comprehensive income).

Note 10:

Aggregate trade and bills payable and trust receipts were level with those as at the end of last year.

Note 11:

Decreased aggregate bank and other borrowings principally reflect the loans that were paid off during the current year net of the bank loan outstanding for the Riverwalk property in Singapore and the factoring loan.

Note 12:

Other payables decreased on account of deployment of investor funds and settlement of dues to minority shareholders.

Note 13:

Income tax payable decreased mainly on account of the payments of withholding tax on investment income upon settlements of the Investment Division projects.

Deferred tax liability increased primarily on the share of profit of associate and joint ventures and fair value gain on the financial assets measured at fair value through income statement during the year.

Note 14:

The increase in Non-controlling interests was mainly due the cash contributed by the non-controlling shareholders for the investments in the Japanese properties and their share of the valuation/net asset gains in the respective entities.

Note 15:

The advance payment for the investment in associate had been included as financial assets measured at fair value through income statement in the last quarter.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

S\$'000

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Group										
Balance at 31 Dec 2017, restated	72,579	(9,207)	296	8,337	-	(2,296)	62,204	131,913	30,797	162,710
Effect on adoption of SFRS(I) 9	-	-	-	(8,337)	-	(234)	8,571	-	-	-
Balance at 1 Jan 2018, restated	72,579	(9,207)	296	-	-	(2,530)	70,775	131,913	30,797	162,710
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	2,333	2,333	1,061	3,394
Other comprehensive (loss) income for the quarter	-	-	-	-	-	(1,952)	-	(1,952)	11	(1,941)
	-	-	-	-	-	(1,952)	2,333	381	1,072	1,453
Balance at 31 Mar 2018	72,579	(9,207)	296	-	-	(4,482)	73,108	132,294	31,869	164,163
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,691	1,691	1,239	2,930
Other comprehensive income for the quarter	-	-	-	-	-	1,027	-	1,027	21	1,048
	-	-	-	-	-	1,027	1,691	2,718	1,260	3,978
Transactions with owners, recognised directly in equity										
Dividend	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Jun 2018	72,579	(9,207)	296	-	-	(3,455)	72,182	132,395	33,129	165,524
Total comprehensive loss for the quarter										
Profit for the quarter	-	-	-	-	-	-	222	222	701	923
Other comprehensive loss for the quarter	-	-	-	-	-	(2,283)	-	(2,283)	(953)	(3,236)
	-	-	-	-	-	(2,283)	222	(2,061)	(252)	(2,313)
Transactions with owners, recognised directly in equity										
Cash contributions from non-controlling shareholders in a subsidiary corporation (Note)	-	-	-	-	-	-	-	-	8,410	8,410
Balance at 30 Sep 2018	72,579	(9,207)	296	-	-	(5,738)	72,404	130,334	41,287	171,621
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	5,051	5,051	7,941	12,992
Other comprehensive (loss) income for the quarter	-	-	-	-	-	(751)	-	(751)	505	(246)
	-	-	-	-	-	(751)	5,051	4,300	8,446	12,746
Transactions with owners, recognised directly in equity										
Capital reserve arising from increase in shareholding of a subsidiary corporation	-	123	-	-	-	-	-	123	(123)	-
Recognition of share-based payments of a subsidiary corporation	-	-	-	-	2	-	-	2	1	3
Dividend	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 31 Dec 2018	72,579	(9,084)	296	-	2	(6,489)	74,838	132,142	49,611	181,753

(Note) The shares are pending issue

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Year ended 31 December 2017

S\$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2017, as previously reported	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	96,471	23,942	120,413
Effect on adoption of SFRS(I) 1	-	-	-	-	-	27,680	(27,680)	-	-	-
Balance at 1 Jan 2017, restated	72,579	(9,207)	3,278	1,804	31	-	27,986	96,471	23,942	120,413
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,511	1,511	476	1,987
Other comprehensive income (loss) for the quarter	-	-	-	178	-	(75)	-	103	525	628
	-	-	-	178	-	(75)	1,511	1,614	1,001	2,615
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(31)	-	31	-	-	-
Balance at 31 Mar 2017, restated	72,579	(9,207)	3,278	1,982	-	(75)	29,528	98,085	24,943	123,028
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,165	1,165	620	1,785
Other comprehensive income (loss) for the quarter	-	-	-	47	-	(1,131)	-	(1,084)	(328)	(1,412)
	-	-	-	47	-	(1,131)	1,165	81	292	373
Balance at 30 Jun 2017, restated	72,579	(9,207)	3,278	2,029	-	(1,206)	30,693	98,166	25,235	123,401
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	33,538	33,538	1,048	34,586
Other comprehensive income (loss) for the quarter	-	-	-	105	-	(517)	-	(412)	48	(364)
	-	-	-	105	-	(517)	33,538	33,126	1,096	34,222
Transactions with owners, recognised directly in equity										
Dividend	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Sep 2017, restated	72,579	(9,207)	3,278	2,134	-	(1,723)	61,614	128,675	26,331	155,006
Total comprehensive income for the quarter										
Profit (loss) for the quarter	-	-	-	-	-	-	1,534	1,534	(186)	1,348
Other comprehensive income (loss) for the quarter	-	-	-	6,203	-	(573)	-	5,630	5,827	11,457
	-	-	-	6,203	-	(573)	1,534	7,164	5,641	12,805
Transactions with owners, recognised directly in equity										
Transfer from asset revaluation reserve to retained earnings on disposal of asset held for sale	-	-	(2,982)	-	-	-	2,982	-	-	-
Dividend to non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	-	(1,175)	(1,175)
Dividend	-	-	-	-	-	-	(3,926)	(3,926)	-	(3,926)
Balance at 31 Dec 2017, restated	72,579	(9,207)	296	8,337	-	(2,296)	62,204	131,913	30,797	162,710

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Year ended 31 December 2018

Company

Balance as at 1 Jan 2018

Profit for the quarter, representing total comprehensive income for the quarter

Balance as at 31 Mar 2018

Profit for the quarter, representing total comprehensive income for the quarter

Transactions with owners, recognised directly in equity

Dividend

Balance as at 30 Jun 2018

Loss for the quarter, representing total comprehensive loss for the quarter

Balance as at 30 Sep 2018

Loss for the quarter, representing total comprehensive loss for the quarter

Transactions with owners, recognised directly in equity

Dividend

Balance as at 31 Dec 2018

S\$'000

Issued capital	Retained earnings	Total
72,579	40,977	113,556
-	10,309	10,309
72,579	51,286	123,865
-	418	418
-	(2,617)	(2,617)
72,579	49,087	121,666
-	(368)	(368)
72,579	48,719	121,298
-	(13,455)	(13,455)
-	(2,617)	(2,617)
72,579	32,647	105,226

Year ended 31 December 2017

Company

Balance as at 1 Jan 2017

Profit for the quarter, representing total comprehensive income for the quarter

Transactions with owners, recognised directly in equity

Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance as at 31 Mar 2017

Profit for the quarter, representing total comprehensive income for the quarter

Balance as at 30 Jun 2017

Profit for the quarter, representing total comprehensive income for the quarter

Transactions with owners, recognised directly in equity

Dividend

Balance as at 30 Sep 2017

Profit for the quarter, representing total comprehensive income for the quarter

Transactions with owners, recognised directly in equity

Dividend

Balance as at 31 Dec 2017

S\$'000

Issued capital	Options reserve	Retained earnings	Total
72,579	31	20,990	93,600
-	-	2,457	2,457
-	(31)	31	-
72,579	-	23,478	96,057
-	-	1,144	1,144
72,579	-	24,622	97,201
-	-	872	872
-	-	(2,617)	(2,617)
72,579	-	22,877	95,456
-	-	22,026	22,026
-	-	(3,926)	(3,926)
72,579	-	40,977	113,556

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

All the share options under the 2001 Scheme expired last year.

The Company did not have any outstanding convertibles or treasury shares as at 31 Dec 2018 and 31 Dec 2017.

Since the beginning of the year, 78,300 share options were granted and accepted under the Thakral Capital Holdings Pte Ltd Employees' Share Option Scheme ("the TCH Scheme"); the options are not exercisable until 1 Nov 2021.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares was 130,860,616 as at 31 December 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2018, the Group adopted the new reporting financial framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is identical to the International Financial Reporting Standards (IFRS). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements. The Group also adopted all the SFRS(I) pronouncements that are effective from that date and are relevant to its operations. The Group was mainly affected by the following:-

SFRS(I) 2	<i>Share-based Payment: Classification and Measurement of Share-based Payment Transactions</i>
SFRS(I) 9	<i>Financial Instruments</i>
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>
SFRS(I) 1-28	<i>Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis</i>
SFRS(I) 1-40	<i>Investment Property: Transfers of Investment Property</i>
SFRS(I) INT 22	<i>Foreign Currency Transactions and Advance Consideration</i>

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) 1 on a retrospective basis. The Group has applied the following exemptions in preparing its first set of financial statements in accordance with SFRS(I):

- SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.
- The Group has elected the option to reset the translation reserve to zero as at the date of transition. The balance of Foreign currency translation reserve as of 1 January 2017 (date of transition) of \$27,680,000, as previously reported, was transferred to Retained earnings.

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In previous years, the Group's unquoted investment was classified as available-for-sale investment and carried at fair value with changes in fair value recorded in other comprehensive income. With the adoption of SFRS(I) 9, such investment is measured at fair value through income statement. The effect of this adoption includes the transfer of the Investment revaluation reserve of S\$8,337,000 as of 1 January 2018, as previously reported, to retained earnings. In addition, in accordance with the SFRS(I) 9, the debt instruments, extended to third parties and the joint venture entities for development projects in Australia, are measured at fair value through income statement; this was previously classified as loans receivable measured at amortised cost. The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

On adoption of SFRS(I) 15, revenue on certain sales of hardware along with installation and maintenance services are recognised for each of the performance obligations when control over the corresponding goods and services is transferred to the customer. The impact of any adjustment for the previous corresponding period is not material.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Year ended 31Dec 2018	Year ended 31Dec 2017
(i) Based on the weighted average number of ordinary shares on issue	7.10 cents	28.85 cents
(ii) On a fully diluted basis	7.10 cents	28.85 cents

	Three months ended 31Dec 2018	Three months ended 31Dec 2017
(i) Based on the weighted average number of ordinary shares on issue	3.86 cents	1.17 cents
(ii) On a fully diluted basis	3.86 cents	1.17 cents

Basic earnings per share and diluted earnings per share are computed on the profit for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 31 December 2018 and 31 December 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	As at 31Dec 2018	As at 31Dec 2017
Group	100.98 cents	100.80 cents
Company	80.41 cents	86.78 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review – Financial year ended 31 December 2018

Revenue & Profitability

The Group felt the impact of the weakened consumer demand in its Lifestyle Division's primary market, China, in the final quarter of the year with consolidated revenue for the quarter ended 31 December 2018 down by 18% to S\$34.7 million from S\$42.2 million in the previous corresponding quarter. Consolidated revenue for the year was S\$157.1 million as compared to S\$153.2 million for the previous financial year.

Gross profit for the year was boosted by unrealized valuation gains of S\$5.3 million on the Japanese property investments held under Thakral Japan Properties Pte Ltd, Singapore. However, in view of the slower movement of goods, the Group made provisions for inventory impairment amounting to S\$1.5 million in the final quarter. Consolidated gross profit for the quarter came in at S\$14.5 million against the S\$17.2 million achieved in the previous corresponding quarter.

Profit from operations amounted to S\$25.5 million for the current year compared to S\$21.6 million for the previous financial year.

A valuation loss of S\$7.1 million was recognized on the GLNG houses in Gladstone, Australia for the year net of gains recognized on the investment properties in Singapore and China.

The previous year had included the gain of S\$33.9 million from the disposal of the warehouse properties in Hong Kong. Excluding this one-off and related costs, the Group net profit for the year was S\$20.2 million compared to S\$8.2 million in the previous year.

Finance Income

Finance income declined to S\$0.1 million from S\$0.5 million in the previous financial year in view of the reduced interest-earning deposits and the reversal of interest previously accrued on a fixed deposit with a bank in China.

Expenses

Higher marketing expenses from participation in beauty and wellness products trade shows in China, combined with higher staff costs from increased headcount and the salary increments granted during the year, resulted in increased distribution expenses for the year – S\$8.4 million as compared to S\$6.5 million in the previous year. The current quarter included the reclassification of certain costs attributable to the beauty service business to cost of sales to better reflect the gross profit from the same. The previous year had also included the one-off marketing support of S\$0.5 million received from a brand owner.

Aggregate Administration expenses were about level with those incurred last year after adjusting the special bonus and management fees of S\$3.9 million accrued in the previous year.

Foreign exchange loss of S\$1.1 million for the current year arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the year and compared to a loss of S\$0.7 million in the previous financial year.

The Group also recognized share of profits from associate and joint ventures of S\$13.6 million (before non-controlling interests) for the year mainly from the unrealized valuation gains on the Japanese property investments through TJP Pte Ltd as well as the GemLife joint venture in Australia.

Working Capital and Cash Flow

Inventories of S\$24.2 million as at 31 December 2018 remained level with S\$24.1 million as at 31 December 2017. The inventory turnover period for the year increased to 83 days against 76 days for the previous year.

Trade receivables reduced to S\$10.1 million as at 31 December 2018 from S\$11.8 million as at 31 December 2017. The trade receivables turnover period for the year was 25 days against 26 days for the previous year.

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Aggregate debt instruments measured at fair value through income statement (previously known as loans receivable) reduced to S\$71.9 million from S\$79.8 million as at 31 December 2017 in view of the settlements received during the year from the Fortitude Valley, Progress Road and Newstead projects in Australia net of the investments made in other projects.

Financial assets measured at fair value through income statement (previously known as Available-for-sale investments) rose to S\$44.7 million as at the year-end from S\$34.2 million reflecting the increase in the net asset value of the Japanese property investments under Thakral Japan Properties Pte Ltd, in which the Group has close to 50% interest. The amount of S\$28.4 million under Associate in the current year represents the investment made in Japanese properties through TJP Pte Ltd.

Aggregate bank and other borrowings decreased to S\$55.3 million as at 31 December 2018 compared to S\$58.0 million at the previous year-end. The decrease reflects the loans that were paid off during the year net of the bank loan outstanding for the Riverwalk property and the factoring loan.

Cash balances reduced by S\$34.7 million to S\$11.5 million as at 31 December 2018. The Group recorded a net cash outflow of S\$9.4 million from operating activities for the year compared to an outflow of S\$9.6 million in the previous year mainly from the movement in working capital components and net settlements of accrued interest on the repayment of certain loans.

Net Asset Value

Net Asset Value per share of 100.98 cents as at 31 December 2018 compared to 100.8 cents as at 31 December 2017.

Performance Summary

Investments

Australia

The Newstead project was completed in June 2018 and the Group continues to recoup its investment from settlements of the remaining units. The Grange project was completed in October and the Group recouped the principal and a part of the returns from this project with the remaining return expected to be received by Q2-2019. Construction on the Noosa Parkridge project is progressing well and the first settlements are expected in Q2-2019. Construction of The Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected in June 2020.

In respect of the retirement living operations, sales and settlements at the Bribie Island and Highfields projects are progressing well, with the community facilities at both projects completed in January 2019. The clubhouses at both projects have been completed with the Bribie Island clubhouse being officially opened by the local mayor on 10 February 2019. Over 140 houses have now been occupied at both these projects. Construction of the display village and first homes at the Woodend project have completed and the first residents moved into the resort in January 2019. Sales for the Maroochydore project commenced in Q3-2018, and operational works commenced in Q4-2018. Development approval for the Lennox Head project is expected to be received in Q1-2019. GemLife continues to review other land sites for acquisition.

As the contribution from the GemLife projects grows over time and the housing projects currently underway are completed, the Investment Division's revenue mix will change as the share of profit of GemLife (which is accounted for as a joint venture) is not included in revenue under the equity method.

Japan

The Group invested in 4 more properties in 2018, bringing the total portfolio to 10 properties in Osaka, Japan. The retail property in Namba will be completed in March 2019 and the tenant is expected to commence operations with rental income starting from mid March. Renovations for the recently acquired properties are underway and we will also be doing a major renovation on the outer walls of the Yotsubashi East Building. The overall demand for rental of our properties remains strong with tightening of vacancy rates. This should ensure strong growth in rental revenues resulting in higher valuations on our properties in Osaka.

The division achieved revenues of S\$41.4 million for the current year as against S\$37.7 million achieved in the previous financial year, a growth of 9.9%. Segment operating result before valuation losses and share of profit of joint ventures and associate was S\$34.0 million, as against S\$25.6 million in the previous year.

Lifestyle

The division was able to match the revenue levels achieved last year – achieving sales of S\$115.7 million for the current year as compared to S\$115.5 million previously – but with consumer demand in China being affected by uncertainties from the trade dispute and other factors saw sales slow in the final quarter compared to those achieved in the previous corresponding quarter.

The segment loss increased to S\$5.7 million this year from the loss of S\$1.3 million last year mainly due to the inventory provision and the higher marketing expenses for the new beauty products incurred during the year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The performance of both Divisions in the period met management's expectations. The Lifestyle Division continues its efforts to grow the business and return to profitability.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The slowdown in the housing markets in Sydney and Melbourne is continuing while overseas property buyers and interstate migration are expected to drive growth in Brisbane in 2019. The Investment Division has been reducing focus on housing development projects for some time now and is concentrating on growing the GemLife retirement resorts business, which offers more stable longer-term prospects. Osaka, Japan continues to see strong growth and tightening of vacancy rates. The Group will look to add on some properties to its portfolio and possibly also realize profits in one or two of the properties if our targeted price levels are achieved.

China's economic expansion of 6.6% in 2018 was the slowest since 1990 and economists forecast it to slow further to about 6.2% growth in 2019. The trade conflict with the US is disrupting China's trade sector and dampening business and consumer confidence. Slowing global demand is a further overhang on the economy. The Lifestyle Division continues to work towards returning to profitability and will build on the progress of its Beauty and Wellness products business in China, with opportunities to launch international fragrance brands in 2019 and 2020. However, the general environment for the Lifestyle Division in 2019 is expected to continue to be challenging.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No; an interim dividend of S\$0.02 per share and a second interim dividend of S\$0.02 per share were paid to shareholders on 23 May 2018 and 30 Nov 2018 respectively.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

In the previous year, the Company had paid an interim dividend of S\$0.02 per share on 21 August 2017 and a special interim dividend of S\$0.03 per share on 27 Nov 2017

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend declared for the quarter as an interim dividend of S\$0.02 per share and a second interim dividend of S\$0.02 per share were paid to shareholders on 23 May 2018 and 30 Nov 2018 respectively.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

Name of interested person	Aggregate value of all interested person transactions during the year ended 31 December 2018 (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		
Purchases, net of returns	-	9,760
Sales, net of returns	-	542
Operating lease income received / receivable (Note 1)	3,663	-
Thakral Investment Holdings Pte Ltd		
Acquisition of a subsidiary corporation – Thakral Realty (S) Pte Ltd (Note 2)	9,000	-
Interest payable on temporary borrowing	124	-

Notes:

- Pertains to the portion of the Riverwalk office property leased to Thakral Brothers (Pte) Ltd. As the term of the leaseback agreement is less than 3 years and its terms are supported by independent valuation, pursuant to Rule 916(1) of the Listing Manual, approval from shareholders for the leaseback agreement is not required
- The acquisition was approved by shareholders of the Company at the EGM held on 14 Jun 2018

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

The Group, which operates in four geographical segments being Australia, the People's Republic of China (including Hong Kong), Singapore and others (India and Japan), has 3 main core divisional activities as follows:

- a) Investment ("INV") - includes real estate investments in Australia, People's Republic of China, Japan and Singapore
- b) Lifestyle ("LIFE") - comprises distribution of beauty, wellness and lifestyle products in India, Japan, Peoples' Republic of China (including Hong Kong), Singapore and in various export markets
- c) Others ("OTH") - those other activities which do not fall into the above categories

Group's reportable segments**S\$'000****Year ended 31 December 2018**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	41,431	115,693	-	157,124
Result				
Segment operating result	33,989	(5,652)	(1,155)	27,182
Valuation loss on investment properties	(7,072)	-	-	(7,072)
Share of profit of associate and joint ventures	13,562	-	-	13,562
Segment result	40,479	(5,652)	(1,155)	33,672
Unallocated corporate expenses				(1,653)
Finance income				67
Finance costs				(4,235)
Foreign exchange loss				(1,109)
Profit before income tax				26,742
Income tax expense				(6,503)
Profit for the year				20,239

Other information				
Capital expenditure:				
Property, plant and equipment	790	1,044	15	1,849
Depreciation expense	24	264	6	294

Assets				
Segment assets	227,830	46,102	310	274,242
Total assets				274,242
Liabilities				
Segment liabilities	51,132	27,195	487	78,814
Income tax payable				3,082
Deferred tax liability				10,593
Total liabilities				92,489

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Year ended 31 December 2017

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	37,691	115,539	-	153,230
Result				
Segment operating result (restated)	25,588	(1,255)	(1,309)	23,024
Gain on disposal of assets held for sale	33,858	-	-	33,858
Valuation loss on investment properties	(6,883)	-	-	(6,883)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	52,447	(1,255)	(1,309)	49,883
Unallocated corporate expenses				(1,446)
Finance income				493
Finance costs				(5,432)
Foreign exchange loss				(741)
Profit before income tax (restated)				42,757
Income tax expenses (restated)				(3,051)
Profit for the year				39,706

Other information				
Capital expenditure:				
Property, plant and equipment	27	401	2	430
Depreciation expense	24	214	8	246

Assets				
Segment assets	186,931	66,274	1,964	255,169
Total assets				255,169
Liabilities				
Segment liabilities (restated)	51,813	30,144	659	82,616
Income tax payable (restated)				4,621
Deferred tax liability (restated)				5,222
Total liabilities				92,459

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	31 Dec		31 Dec		31 Dec	
	2018	2017	2018	2017	2018	2017
People's Republic of China (including Hong Kong)	134,518	133,336	1,043	353	4,447	3,106
Australia	11,949	12,512	-	27	33,833	45,122
Singapore	6,850	1,289	804	2	30,509	31
Others	3,807	6,093	2	48	1,192	1,170
	157,124	153,230	1,849	430	69,981	49,429

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

* Non-current assets other than financial instruments, associate and joint ventures

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

See item 8 on review of performance

THAKRAL CORPORATION LTD AND SUBSIDIARIES

16. A breakdown of revenue

	S\$'000		%
	Year ended 31 Dec 2018	Year ended 31 Dec 2017	Increase / (Decrease)
a) Revenue reported for first half year	84,077	71,382	18
b) Net profit after tax before deducting non-controlling interests reported for first half year	6,324	3,772	68
c) Revenue reported for second half year	73,047	81,848	(11)
d) Net profit after tax before deducting non-controlling interests reported for second half year	13,915	35,934	(61)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
Ordinary shares (tax-exempt one-tier)		
- Interim (paid on 23 May 2018; last year paid on 21 Aug 2017)	2,617	2,617
- Second interim (paid on 30 Nov 2018)	2,617	-
- Special interim (last year paid on 27 Nov 2017)	-	3,926
Total	5,234	6,543

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18. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Satbir Singh Thakral	31	Son of the Company's Director, Mr. Inderbethal Singh Thakral	Marketing Director of Thakral Lifestyle group since 2017	No change
Kuldip Singh Thakral	89	Brother of the Company's Director, Mr. Kartar Singh Thakral	Chairman of Thakral Brothers Limited, Osaka – General strategic management since the incorporation of Thakral Brothers Limited Osaka in 1972	No change

Confirmation pursuant to Rule 720(1)

It is confirmed that the Company has procured undertakings from all its Directors and executive officers.

ON BEHALF OF THE BOARD

Kartar Singh Thakral
Director

Inderbethal Singh Thakral
Director
28 February 2019

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
28 February 2019