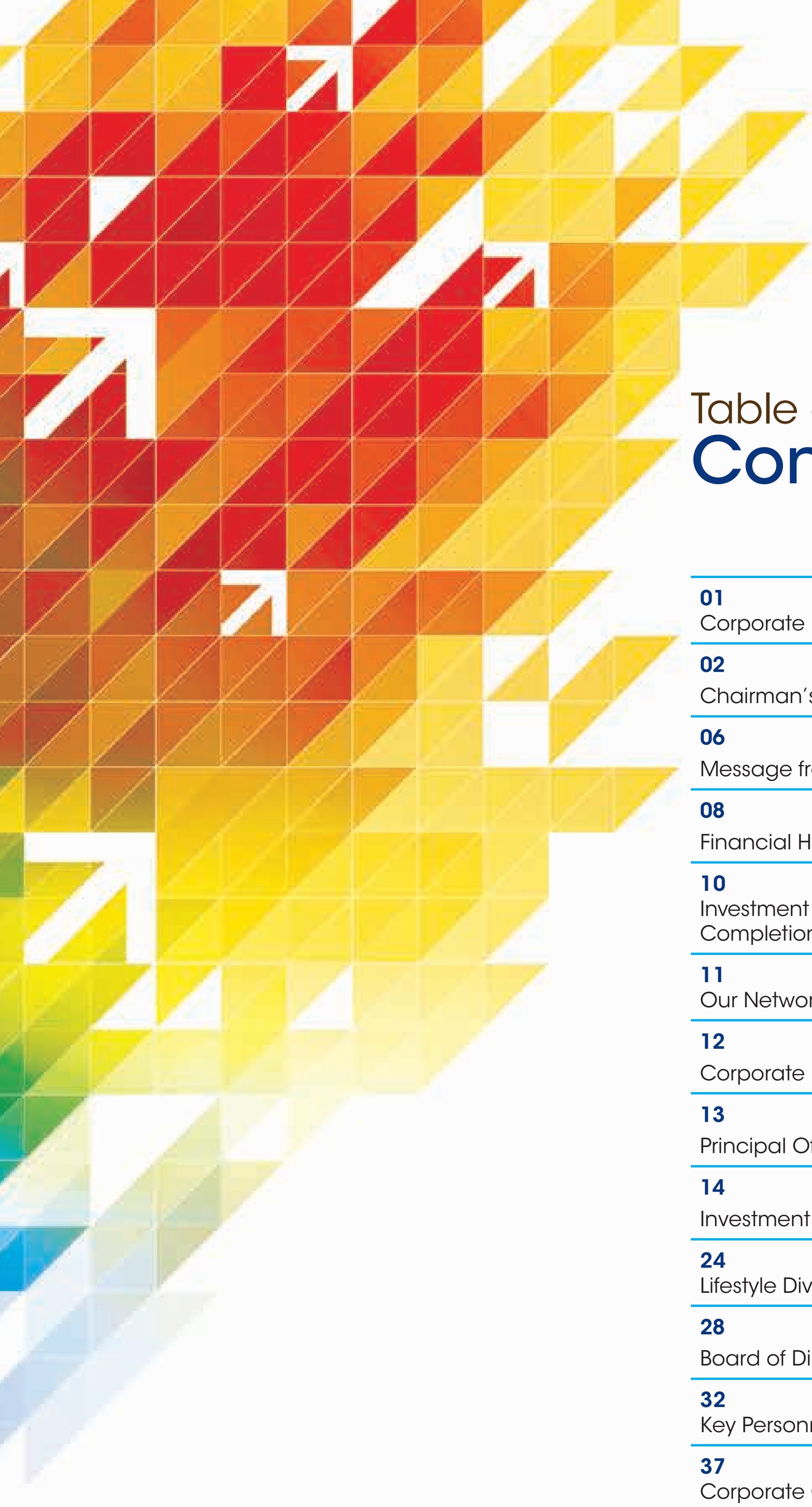
THAKRAL
CORPORATION LTD

Delivering Sustainable Value

ANNUAL REPORT 2018



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Corporate Profile

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

Chairman's Statement

"THE GROUP REMAINED PROFITABLE DESPITE SIGNIFICANT HEADWINDS IN FY2018 AND THIS IS TESTIMONY TO OUR RESILIENCE AND THE SUCCESS OF OUR STRATEGY TO DIVERSIFY OUR MARKETS TO SEIZE GROWTH OPPORTUNITIES IN NEW MARKETS WHILE REDUCING OUR EXPOSURE TO SINGLE-MARKET RISKS."

NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman and
Lead Independent Director

DEAR SHAREHOLDERS,

DELIVERING SUSTAINABLE VALUE

The Group continued to deliver value to shareholders for the financial year ended 31 December 2018 ("FY2018"). Remaining profitable, it rewarded shareholders with two interim dividends – totalling 4 cents in FY2018. This represents a dividend yield of 9.3% based on the Company's FY2018 closing share price of S$0.43. This is a creditable return – outperforming the 3.54% dividend yield of the STI ETF[1].

Despite the ongoing superpower trade tensions and a weaker global economy, the Group reported a net profit of S$20.2 million for FY2018.

This was lower than the net profit achieved in the financial year ended 31 December 2017 ("FY2017") which included a one-off gain of S$33.9 million from the disposal of the warehouse properties in Hong Kong. Excluding this one-off gain and related costs, the Group's net profit of S$20.2 million for FY2018 was an increase of some 146% compared to S$8.2 million in the previous year.

The Group's profit from operations amounted to S$25.5 million, up from S$21.6 million in the previous financial year.

Group revenue advanced 3% to S$157.1 million for the year in view of a challenging fourth quarter which was impacted largely by weakened consumer demand in China, the primary market for the Group's Lifestyle Division.

We continued to invest in our brand building efforts, which saw higher marketing expenses from staging refreshing and captivating events at beauty and wellness trade shows as well as several online campaigns in China. The headcount at Lifestyle Division was increased to enable growth of the business. As the division pushed ahead with its market outreach, distribution expenses for FY2018 increased to S$8.4 million, compared to S$6.5 million in the previous financial year.

Despite a very difficult year, the Group is heartened by the Lifestyle Division's innovative activities to boost performance.

The Investment Division continued its expansion of its property portfolio in Japan with new acquisitions of hotels and office buildings in Osaka and looks forward to completing its retail property development in the near future.

1 *https://www.dividends.sg/view/ES3.*

Osaka, the second biggest metropolis in Japan, is enjoying strong demand due to a surge of activity in leasing, retail spending, hotel development and infrastructure investment ahead of the 2020 Olympic Games in Tokyo.

Our Japanese investments have contributed positively to the Group's performance in FY2018. The current strong occupancy rates of the rentable units should provide a steady rental income stream.

Australia remains the key contributor to our Investment Division's performance. Ongoing sales and completion of various projects including our joint venture with GemLife, to develop resort style retirement living housing have yielded strong results.

Net valuation gains on our investment properties in Singapore and China also contributed to the year's net profit.

HEALTHY FINANCIAL POSITION

The Group's financial position remains healthy.

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. This was mainly due to working capital requirements and net settlement of accrued interest on repayment of borrowings.

Net Asset Value per share as of 31 December 2018 was stable at 100.98 cents compared to 100.8 cents as at 31 December 2017. The Group's FY2018 earnings per share stood at 7.1 cents.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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

The Group continued its commitment towards supporting worthy community causes to make a positive impact. Our China subsidiary, Thakral China Ltd had, through collaboration with Teng Chong Red Cross Society, provided donation in the form of school uniforms, computers, desk chairs, library books, bookcase, solar panels, sports items, etc as well as cash study grants for students to Liangying Wan Quan Primary School under the TuanTian Town Hope Project in Yunnan Province, China. This effort has directly benefited more than 120 students in the school.

PARKRIDGE NOOSA

Chairman's Statement

Donations in kind of electronic products and computer accessories were also made to the ChickenSoup Foundation Limited, a grassroot philanthropic organisation in Hong Kong supported by working professionals to empower at-risk children in under privileged communities in Hong Kong.

Locally, other than the usual cash donations to charitable organisations from time to time, cash donations were also made to (i) the Malay Youth Literary Association (4PM), a non-profit organisation to help the Malay community as well as the larger society to meet everyday challenges, to coincide with the celebration of their 70th anniversary and (ii) TODAY Enable Fund which aims to help people with disabilities fulfil their dreams and hopes and EduGrow which seeks to help underprivileged children break out of their low-income trap through intensive mentoring and education support, in conjunction with the Charity Book Launch for "Tall Order: The Goh Chok Tong Story".

Our Investment Division in Australia continues to encourage its partners to meet all applicable green standards, obtain energy efficiency and green ratings wherever possible and to deliver designs and use eco-friendly materials to minimise the environmental impact on the community where the developments are located. Our GemLife resort-style retirement homes are designed to offer residents high quality liveable units that are both attractive and environmentally-friendly. Installation of solar panels at the GemLife Bribie Island resort commenced in 2018.

DONATIONS IN KIND TO THE CHICKENSOUP FOUNDATION LIMITED, HONG KONG

GEMLIFE RETIREMENT LIVING RESORT – TYPICAL INTERIOR

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

We look forward to sharing further details of the Group's sustainability efforts in our upcoming sustainability report for FY2018.

GOING FORWARD

The Group remained profitable despite significant headwinds in FY2018 and this is testimony to our resilience and the success of our strategy to diversify our markets to seize growth opportunities in new markets while reducing our exposure to single-market risks.

Uncertainty in global markets is expected to stay with continued trade tensions and increasing currency risks from various economic and political challenges in Europe and Asia.

The Group's main market in China is facing weaker growth from the ongoing trade dispute with the US while its other key market Australia is grappling with a slowdown in the housing market – especially in Sydney and Melbourne. Our Investment Division is working to strengthen our presence in retirement resorts in Australia while pursuing investment opportunities in Japan to broaden our portfolio, diversify market risks and achieve positive sustainable returns.

In Australia, we have reduced focus on housing development projects, other than niche projects and concentrating on growing the GemLife retirement resorts business, which offers more stable longer-term prospects.

In Osaka, Japan, we will stay focused on the growing tenant demand as the city has the highest occupancy rate owing to strong demand as well as a limited volume of office supply. A strong leasing market underpins the robust demand for property in Osaka which continues to see strong growth and tightening of vacancy rates. The Group will consider adding some properties to its portfolio and possibly also dispose one or two of the properties if targeted price levels are achieved.

While China's economic expansion is expected to slow further from 6.6% reported in 2018 which will dampen both business and consumer confidence, the Lifestyle Division continues to work towards returning to profitability. The division 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. The Group will also launch our joint venture with CurrentBody.com Limited in 2019.

Going forward, the Group will remain prudent and judicious to manage market risks in view of the challenging market conditions in 2019.

ACKNOWLEDGEMENTS

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

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

N. Subramaniam

NATARAJAN SUBRAMANIAM
Independent Non-Executive Chairman and
Lead Independent Director

DONATION TO LIANGYING WAN QUAN PRIMARY SCHOOL, CHINA

Message from Chief Executive Officer

Both our Investment and Lifestyle divisions continued to transform and sharpen their business focus in 2018. With the proceeds from the sale of our Hong Kong warehouse in the previous year, we were able to take advantage of new growth opportunities particularly to expand our property investment portfolios through new acquisitions in Osaka, Japan and Singapore.

The Lifestyle Division strengthened its product portfolio and enhanced its brand-building efforts through participation in a number of beauty and wellness trade shows and online marketing campaigns also expanding sales channels, and setting up brand stores on behalf of the brands.

INVESTMENT DIVISION

AUSTRALIA

The Group's investment projects in Australia continued to do well and yielded positive returns.

The Grange Residences project was completed in October and the Group recouped the principal and most of the returns from this project with the remaining portion expected to be received by the second quarter of 2019; while the Newstead Series project was completed in June 2018 and the Group continues to recoup its investment from settlement of the remaining units.

Boasting stunning lake views, state-of-the-art design and an enviable location on the last major undeveloped block in the Noosa Springs master-planned community, the Parkridge Noosa project was the number 1 most viewed apartment project in Queensland on realestate.com.au for new apartments of 2018. The strong demand for these units has resulted in earlier commencement of Stage 2. Construction on Stage 1 is progressing well and the first settlements are expected in the second quarter of 2019. The Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected in June 2020.

Sales and settlements at the GemLife Bribie Island and GemLife Highfields retirement home projects are progressing well, with the community facilities at both projects completed in January 2019. Over 140 houses have now been occupied at both these projects.

Sales and operational works for the GemLife Maroochy Quays project commenced in the third and fourth quarter of 2018 respectively. Meanwhile, approval for the development of the GemLife Lennox Head project is awaited.

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 accounting method.

JAPAN

The overall demand for rental of our properties remains strong with tightening of vacancy rates. This should result in growth in rental revenues resulting in higher valuations of our properties in Osaka.

The Group had invested in four more properties in 2018, bringing the total portfolio to 10 properties in the city. Renovations for the recently acquired properties are underway. Construction of the retail property in Osaka's Namba District, Nambanaka Thakral Building, was completed in March 2019 and the tenant is expected to begin operations with rental income starting from April.

SINGAPORE

In the past year, we acquired a 18,998 sq ft (or 1,765 square metres) office property at The Riverwalk in Singapore, as part of the Group's strategy to expand its investment portfolio in Southeast Asia.

THE OXFORD RESIDENCES

Situated along the Singapore River and close to the Central Business District, The Riverwalk is surrounded by several key commercial and government buildings and is easily accessible by public transport (including buses and the Clarke Quay MRT station) and the Central Expressway.

We have signed a 3-year leaseback agreement with the tenant of the office unit, enabling us to gain a stable source of recurring rental income.

The division achieved revenues of S$41.4 million for FY2018 or a 9.9% growth compared to S$37.7 million in the previous financial year.

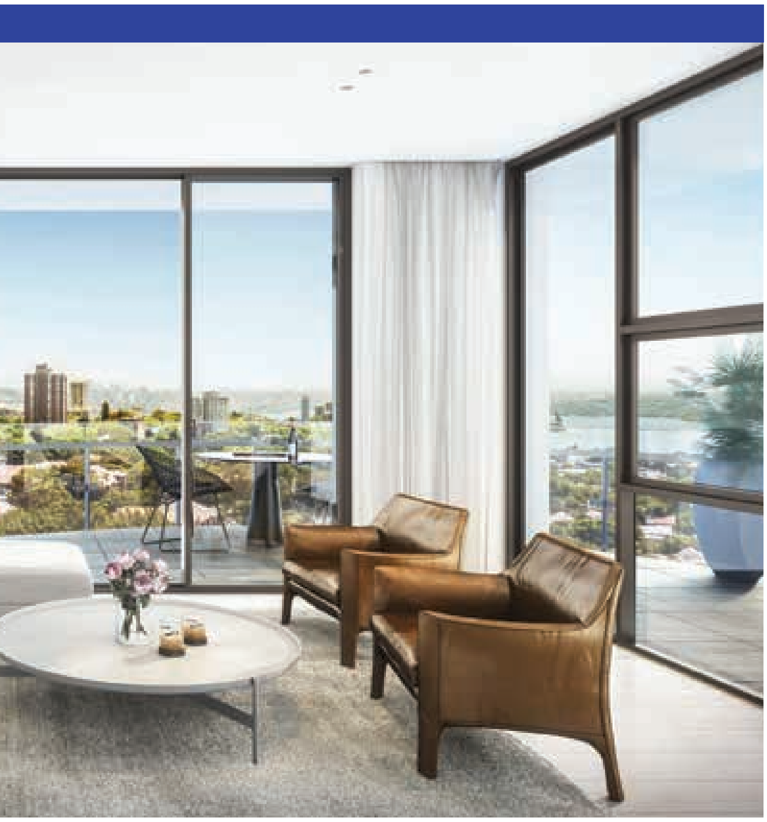
Segment operating result before valuation gains and share of profit of joint ventures and associate was S$34.0 million against S$25.6 million the previous year.

LIFESTYLE DIVISION

Despite weaker sales in the final quarter of 2018 brought on by the US-China trade tensions, the Lifestyle Division was able to maintain sales of S$115.7 million for FY2018 as compared to S$115.5 million in FY2017.

Loss for the division widened to S$5.7 million in FY2018 compared to S$1.3 million in FY2017.

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 at S$8.4 million as compared to S$6.5 million in the previous year.



INNOVATIVE MARKETING ACTIVITIES

As China remains the key market for our Lifestyle Division, we will continue to work closely with reputed retailers such as Sephora, department stores, multi-brand beauty, lifestyle and wellness stores, pharmacies, premium grocery and spa chains as well as with ecommerce marketplaces and retailers such as TMall, Taobao, JD.com, Xiaohongshu (Red) and others.

The Group staged several refreshing marketing campaigns both online and offline in the year under review. One of our cornerstone marketing events was our Thakral Beauty Summit in May 2018 which was well-attended by some of the top retail brands in China.

NEW BRANDS

As part of our continued expansion in China, we sealed a joint venture during the year with UK-based CurrentBody.com Limited ("CurrentBody"), a leading global online retailer specialising in at-home beauty devices.

With key categories such as cleansing, anti-aging, acne treatment, hair removal and body shaping, CurrentBody offers one of the largest portfolios of at-home beauty devices in the world including global brand icons such as NuFACE, SmoothSkin, TriPollar, Wellbox, and FOREO.

The joint venture will further strengthen our leadership position in China's at-home beauty devices market, where it currently collaborates with category leading brands such as MTG Refa, Panasonic, PMD, DermaWand and others. It will also enable the division to expand its business model into online retail.

Under the joint venture, the Group and CurrentBody will open storefronts on leading Chinese e-commerce platforms and help the division build a category leading position in China's at-home beauty devices market.

OUTLOOK AND PROSPECTS

In view of the uncertainties facing the global economy and the trade tensions between the US and China – the main market for our Lifestyle business, and the expected economic slowdown in Australia[1] – the key market for our Investment Division, we will maintain a cautious outlook for the coming year.

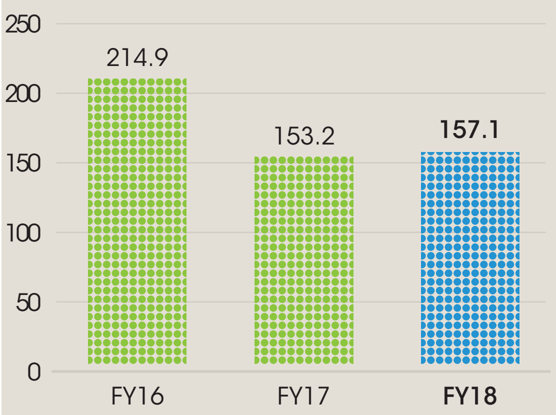
We will however, stay alert to global market trends and continue to take advantage of new growth opportunities in Japan and Southeast Asia as we remain committed to our objective of delivering positive shareholder value over the long-term.

INDERBETHAL SINGH THAKRAL
Chief Executive Officer

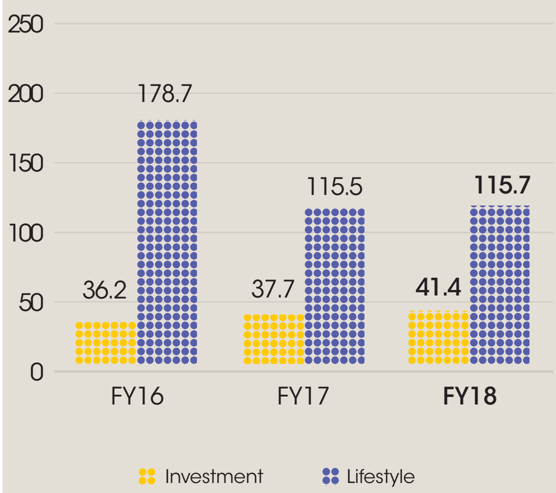
1 *Singapore Business Review, https://sbr.com.sg/economy/asia/australias-gdp-growth-may-fall-25-in-2019.*

Financial Highlights

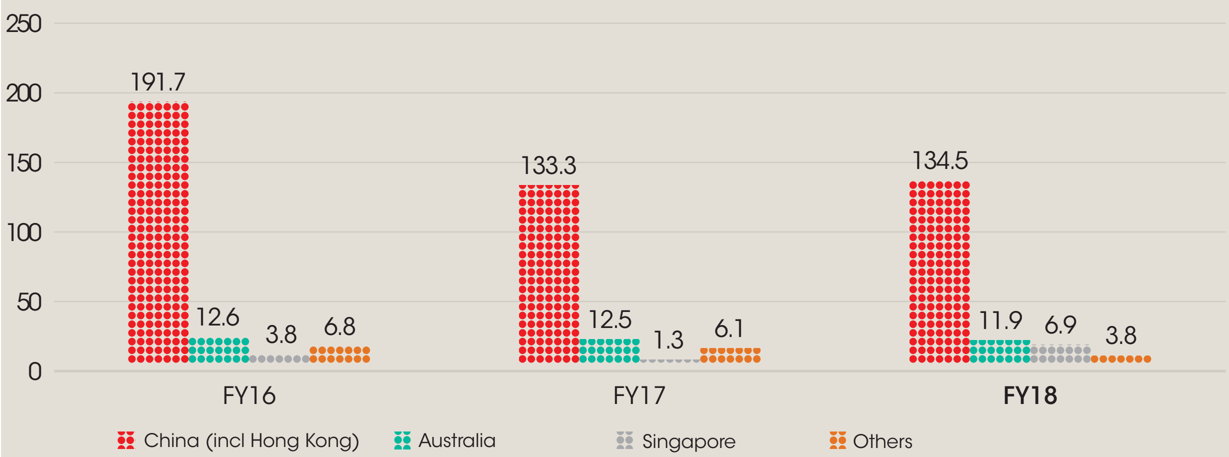
157.1
REVENUE
(S$ MILLION)



REVENUE BY SEGMENT
(S$ MILLION)

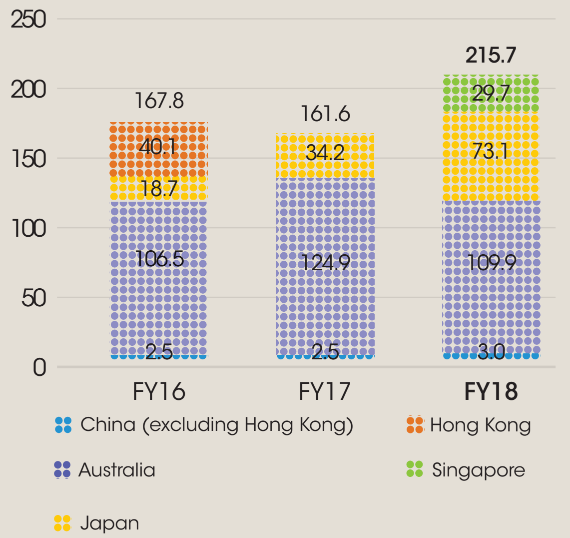


GEOGRAPHIC REVENUE
(S$ MILLION)

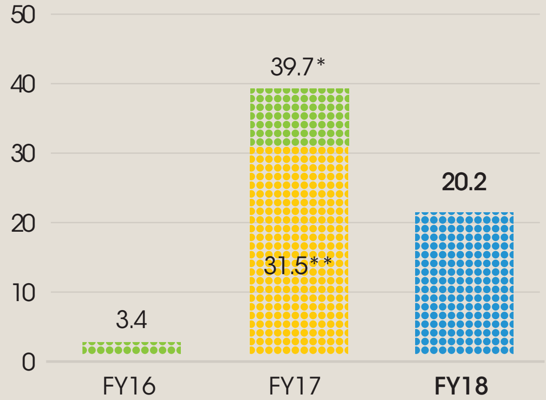


Note:
Revenue stated above is the aggregate of the relevant figures from companies incorporated in those countries.

GEOGRAPHIC REAL ESTATE RELATED INVESTMENTS
(S$ MILLION)



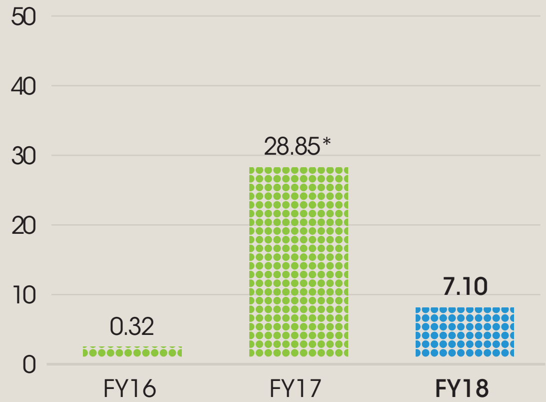
20.2
NET PROFIT
(S$ MILLION)



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

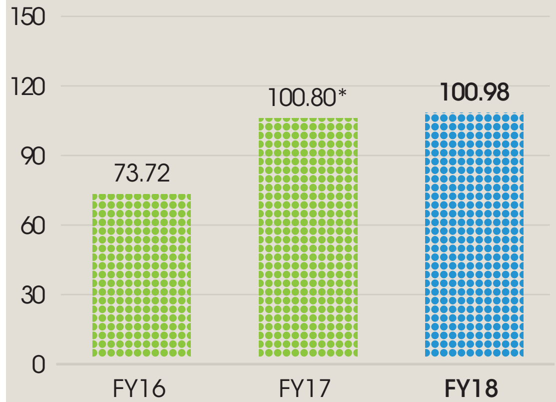
** Gain from sale of warehouse properties in last quarter of FY17, net of related costs

7.10
EARNINGS PER SHARE
(CENTS)



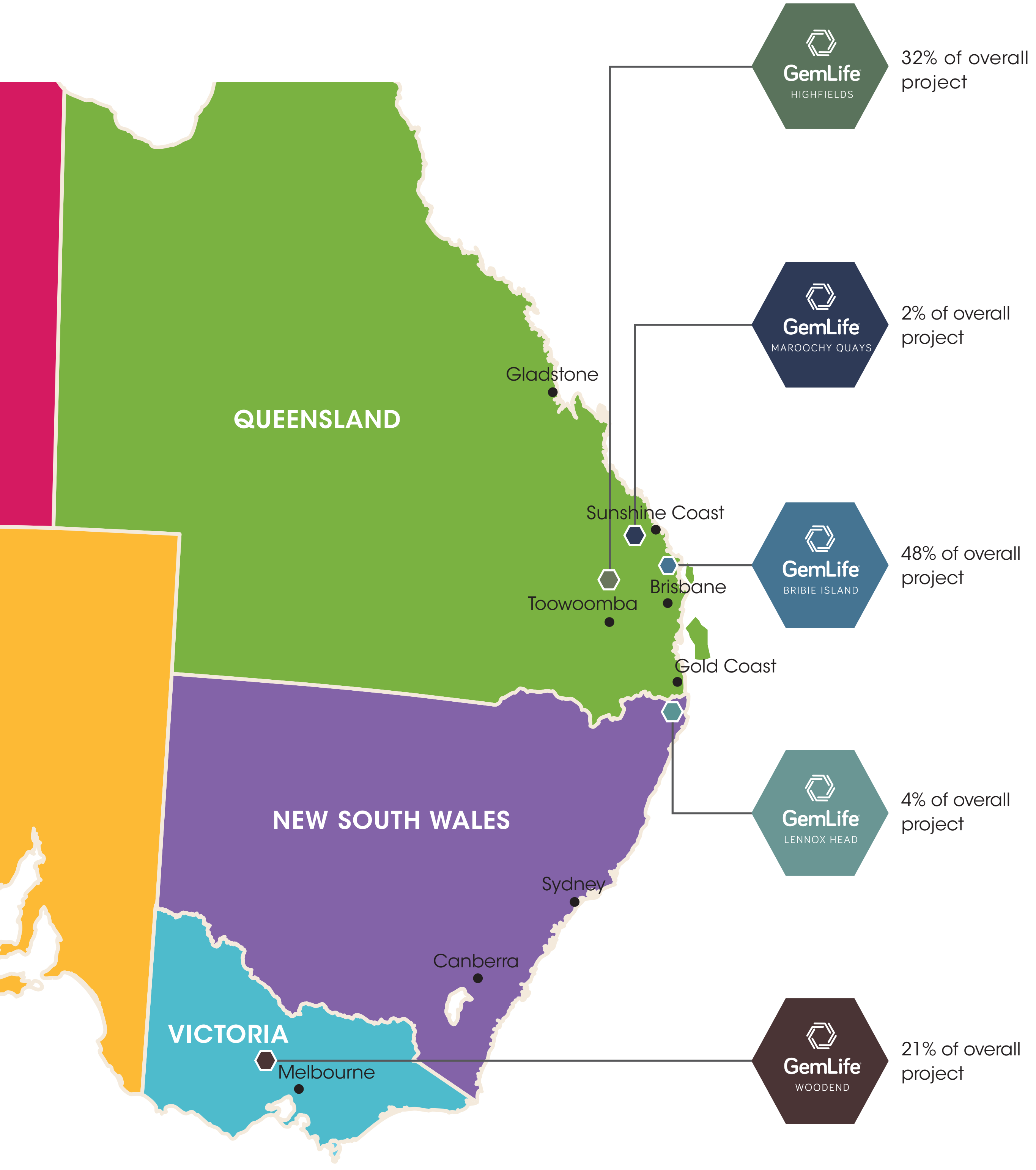
* Includes gain from sale of warehouse properties in Hong Kong in the last quarter of FY17

100.98
NET ASSET VALUE
(CENTS)

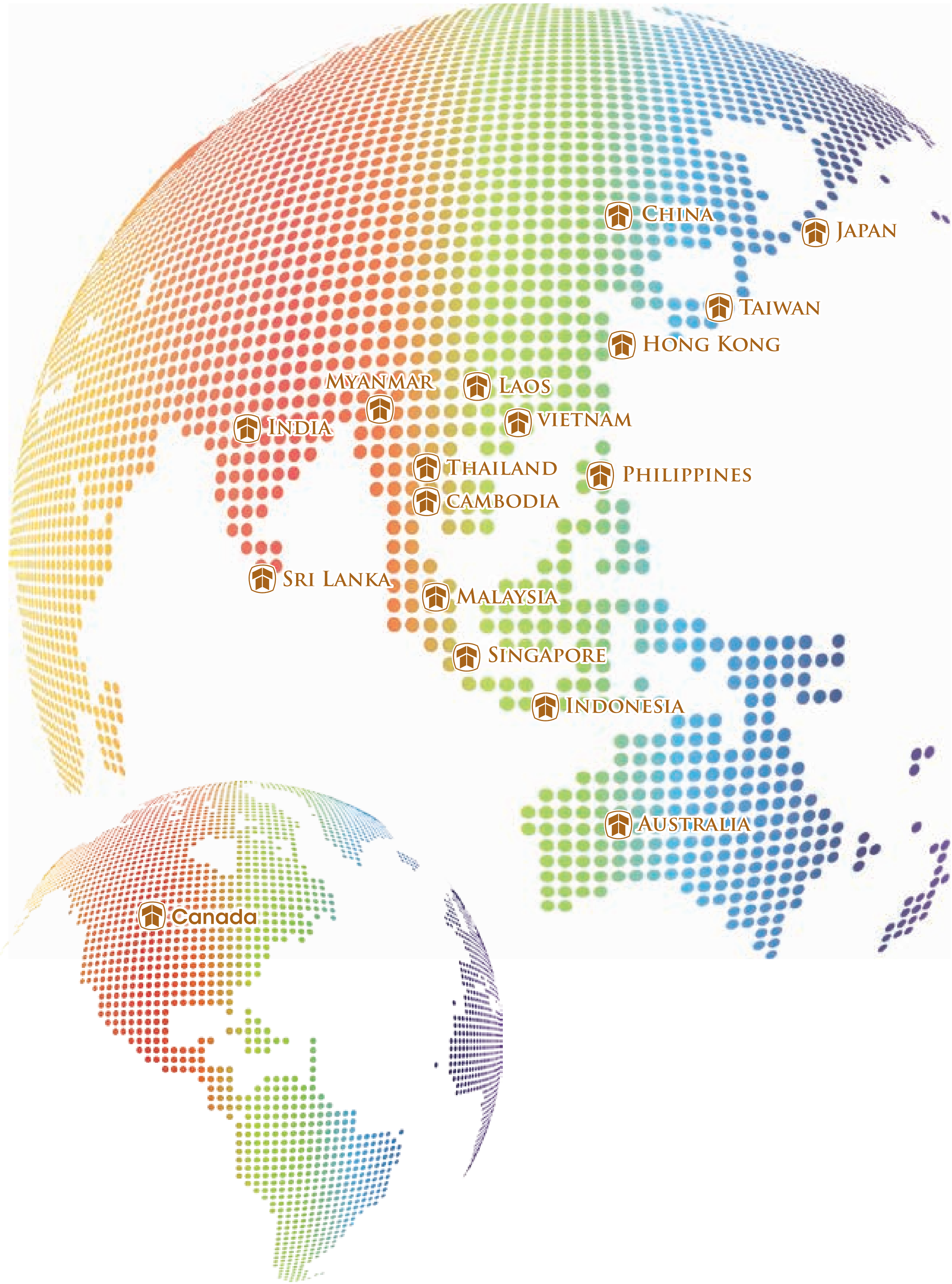


* Enhancement in value from disposal of the warehouse properties as well as strong growth in the valuation of the Japanese Investment

Investment Division, Australia – GemLife Projects
Completion Status



Our Network


China
Japan
Taiwan
Hong Kong
Myanmar
Laos
India
Vietnam
Thailand
Philippines
Cambodia
Sri Lanka
Malaysia
Singapore
Indonesia
Australia
Canada

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE:
Kartar Singh Thakral
Inderbethal Singh Thakral

NON-EXECUTIVE:
Natarajan Subramaniam (Chairman and Lead Independent Director)
Lee Ying Cheun Independent
Dileep Nair Independent
Bikramjit Singh Thakral (Alternate to Kartar Singh Thakral)

AUDIT COMMITTEE
Natarajan Subramaniam (Chairman)
Lee Ying Cheun
Dileep Nair

NOMINATION COMMITTEE
Lee Ying Cheun (Chairman)
Natarajan Subramaniam
Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)
Dileep Nair

COMPENSATION COMMITTEE
Natarajan Subramaniam (Chairman)
Lee Ying Cheun
Dileep Nair

INVESTMENT COMMITTEE
Natarajan Subramaniam (Chairman)
Kartar Singh Thakral
(Alternate: Bikramjit Singh Thakral)
Inderbethal Singh Thakral

COMPANY SECRETARIES
Chan Wan Mei
Chan Lai Yin

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Singapore 068809

AUDIT PARTNER-IN-CHARGE
Rankin Brandt Yeo
Date of Appointment: 28 April 2017

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No.166 Lujiazui East Road
Pudong District
Shanghai City, 200120, China

PRINCIPAL BANKERS
Australia and New Zealand Banking Group
Australia
Bank of Communications Co., Ltd.
China
Shanghai Rural Commercial Bank Co., Ltd.
China
United Overseas Bank Limited
China, Hong Kong and Singapore
Westpac Banking Corporation
Australia

Principal Officers

THAKRAL CORPORATION LTD SINGAPORE

Kartar Singh Thakral Executive Director
Inderbethal Singh Thakral Chief Executive Officer
Rikhipal Singh Thakral Advisor to Investment Committee
Anil Moolchand Daryanani Chief Financial Officer
Torsten Stocker Chief Operating Officer, Lifestyle Division
Vivian But (Ms) Group Financial Controller
Patrick Lau Asst Financial Controller (Corporate)

INVESTMENT DIVISION

THAKRAL CAPITAL HOLDINGS PTE LTD SINGAPORE

THAKRAL CAPITAL AUSTRALIA PTY LTD BRISBANE & SYDNEY, AUSTRALIA

Natarajan Subramaniam Non-Executive Chairman & Director
Inderbethal Singh Thakral Executive Director
Kevin Charles Barry Joint Managing Director
Greggory John Piercy Joint Managing Director
Victor Shkolnik Executive Director
Michael James Stubbs Chief Financial Officer

THAKRAL JAPAN PROPERTIES PTE LTD/TJP PTE LTD SINGAPORE

Kartar Singh Thakral Executive Director
Inderbethal Singh Thakral Executive Director
Rikhipal Singh Thakral Non-Executive Director
Bikramjit Singh Thakral Non-Executive Director

THAKRAL REALTY (S) PTE LTD SINGAPORE

Lee Ying Cheun Non-Executive Director
Bikramjit Singh Thakral Non-Executive Director

LIFESTYLE DIVISION

THAKRAL BROTHERS LTD OSAKA, JAPAN

Kuldip Singh Thakral Chairman
Sueko Takahashi (Ms) General Manager & Chief Financial Officer
Deepak Mogami Sales Manager

THAKRAL CHINA LTD SHANGHAI, PEOPLE'S REPUBLIC OF CHINA (PRC)

Inderbethal Singh Thakral Executive Director
Indergopal Singh Thakral Managing Director
Satbir Singh Thakral Marketing Director
Gan Liang Senior Vice President
Chan Ley Ee (Joey) (Ms) General Manager – Brand Portfolio
Sean Qiu Financial Controller
Sam Zhang General Manager – Trading
Richael Tang (Ms) General Manager – E-commerce

THAKRAL CORPORATION (HK) LIMITED HONG KONG

Kanwaljeet Singh Dhillon Managing Director

SINGAPORE SOURCING & TECHNOLOGY PVT LTD NOIDA, INDIA

Gurmeet Singh Senior Vice President

Investment Division
Australia

Thakral Capital Australia Pty Ltd
Brisbane and Sydney, Australia

GemLife
Australia

Thakral Capital Holdings Pte Ltd
Singapore

The Group's Investment Division was set up to create a sustainable second revenue stream and contribute to positive shareholder value.

Thakral Capital Holdings Pte Ltd ("TCH"), the holding company of the Group's Investment Division in Austrialia, was incorporated in 2009 and the TCH group started operations in Australia as TCAP in early 2011, originating, packaging and managing investments for the Group.

The division has been the financial backer and investment partner for a slew of major apartment and townhouse developments in Australia since 2010, investing and committing in excess of A$380 million of capital into projects with an end value surpassing A$3 billion. It has to date successfully completed 14 projects, with another 15 in the pipeline, 6 of which are under construction.

The division's retirement living joint venture with the Puljich family, under the GemLife brand, continues to leverage on their 30 years of experience in building one of Australia's most well-known and respected brands in the resort style retirement homes sector. To date, five resorts with more than 1,200 homes to be built throughout the east coast of Australia are underway, of which four resorts have commenced construction, and a further six with more than 1,100 homes have been contracted. The Group's diversification into the retirement living segment is expected to provide sustainable returns in a growing sector that is less affected by movements in the core housing market.

OFFICIAL OPENING OF CLUB HOUSE OF GEMLIFE BRIBIE ISLAND

CURRENT PROJECTS

PARKRIDGE NOOSA

THE OXFORD RESIDENCES

GLNG HOUSING PROJECT

Investment Division
Australia

CURRENT PROJECTS (Cont'd)

GemLife
BRIBIE ISLAND

GemLife
HIGHFIELDS

Investment Division
Australia

CURRENT PROJECTS (Cont'd)

GemLife
WOODEND

GemLife
LENNOX HEAD

GemLife
MAROOCHY QUAYS

Investment Division
Japan and Singapore

JAPAN

Thakral Japan Properties Pte Ltd
Singapore

TJP Pte Ltd
Singapore

SINGAPORE

Thakral Realty (S) Pte Ltd
Singapore

The Group's Investment Division, taking advantage of the uptrend in the Japanese property sector, in part buoyed by urban development projects undertaken ahead of the 2020 Olympics, World Expo 2025, and the country's low interest rate, has diversified its portfolio to include Japanese investment properties.

The Group's property portfolio structured through its pooled investment subsidiaries, Thakral Japan Properties Pte Ltd ("TJP") and TJP Pte Ltd, currently comprises different asset classes in Osaka: five office buildings – Yotsubashi Nakano Building, Yotsubashi East Building, Legal Itachibori Building, Utsubo East Building and Kitahama Building; three business hotels – Best Western Osaka Tsukamoto Hotel, R Hotels Inn Osaka Kita Umeda and Hotel WBF Namba Motomachi as well as a retail redevelopment site in Namba.

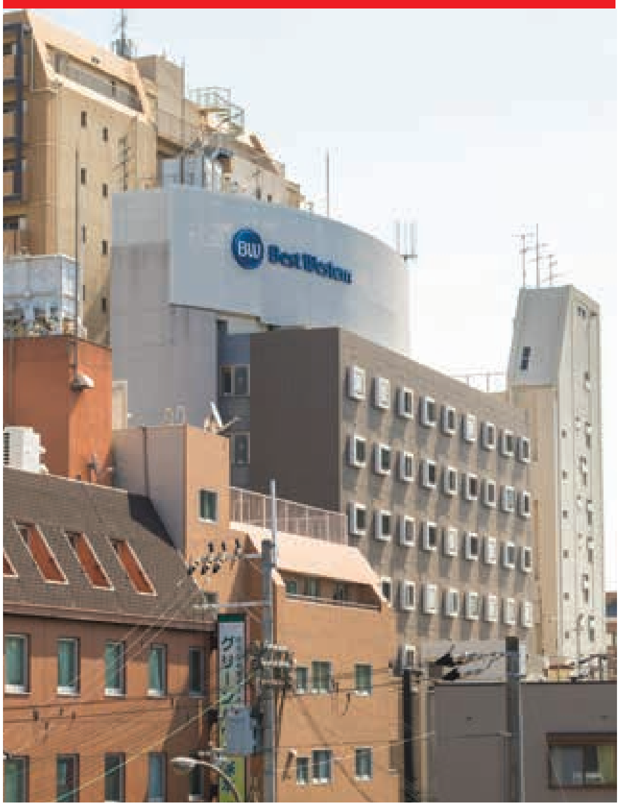
The division continues to seek additional properties to grow its investment portfolio in Japan.

In line with the Group's strategy to expand its investment portfolio in Southeast Asia, the Group has made its maiden entry into the Singapore property market through acquisition of an office property at The Riverwalk in July 2018 which is providing a stable source of recurring rental income for the Group.

THE RIVERWALK OFFICE UNIT

R HOTELS INN OSAKA KITA UMEDA

BEST WESTERN OSAKA TSUKAMOTO HOTEL



HOTEL WBF NAMBA MOTOMACHI

Investment Division
Japan

YOTSUBASHI EAST BUILDING

YOTSUBASHI NAKANO BUILDING

LEGAL ITACHIBORI BUILDING

NAMBANAKA THAKRAL BUILDING

UTSUBO EAST BUILDING

KITAHAMA BUILDING

Lifestyle
Division

- **Thakral China Ltd**
  Shanghai, PRC

- **Thakral Corporation (HK) Limited**
  Hong Kong

- **Thakral Brothers Ltd**
  Osaka, Japan

- **Singapore Sourcing & Technology Pvt Ltd**
  Noida, India

- **CBT At-Home Beauty Holdings Pte Ltd**
  Singapore

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

Creating a portfolio of brands with a unique and differentiated positioning in their respective markets, brands distributed by the Lifestyle Division include at-home beauty and wellness device brands 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. These brands are managed across a range of online and traditional retail channels by the Lifestyle Division's on-the-ground brand management, sales, marketing, in-house e-commerce and operational support team.

The Lifestyle Division 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.

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

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

THAKRAL BEAUTY SUMMIT IN SHANGHAI, MAY 2018


FEELING
GREEDY
ReFa


ReFa


FEELING
CHIC
ReFa


FEELING
INVINCIBLE
ReFa

Lifestyle Division


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


MAVIC 2
See the Bigger Picture


john masters organics


一把 风靡欧洲 的魔法梳
拯救日益高涨的发际线
京东
ikoo
your hair will love it
京东家电

Board of Directors

NATARAJAN SUBRAMANIAM Age 80

Independent Non-Executive Chairman and Lead Independent Director

Mr Natarajan Subramaniam is the Independent Non-Executive Chairman of the Board and the Lead Independent Director of the Company. Prior to the appointment of Non-Executive Chairman, he was the Deputy Chairman of the Board. Mr Subramaniam was first appointed a Director on 15 November 1995 and was last re-appointed on 29 April 2016. He is also Chairman of the Audit, Compensation and Investment Committees and a member of the Nomination Committee of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Subramaniam to be an independent director.

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

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

KARTAR SINGH THAKRAL Age 85

Executive Director

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

In addition, Mr Thakral is the Chairman of the Thakral Family Companies. He joined the family trading business in 1949. He was a director of the Singapore Trade Development Board appointed by the Minister for Trade and Industry for a period of four years until 31 December 1998, the Joint Chairman and Non-Executive Director of Australia listed Thakral Holdings Limited and a Non-Executive Director of India listed GIVO Limited till 22 October 2012 and 31 March 2009 respectively. He was also a member of the Committee to Promote Enterprise Overseas and a member of the Regional Business Forum, both appointed by the Singapore Government; and was a trustee of Singapore Indian Development Association from 1991 till 31 December 2006. He was awarded the Singapore Australian Business Council President's Medal in 1998 for significant contribution to the Australian Singapore business community. He had been awarded Business Man of the Year 1995.

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

Board of Directors

INDERBETHAL SINGH THAKRAL Age 59

Executive Director and Chief Executive Officer

Mr Inderbethal Singh Thakral ("Mr Bethal") is the Chief Executive Officer and an Executive Director of the Group. He was first appointed a Director on 12 August 1994 and was last re-elected on 29 April 2016. He is a member of the Investment Committee of the Company.

Mr Bethal is responsible for the Group's Lifestyle business as well as for the Group's Investment Division which will continue to grow its portfolio of investment in Australia and Japan. This includes continuing development of GemLife resorts under GTH Resorts joint venture in Australia and a portfolio of commercial properties in Japan.

Mr Bethal has extensive experience in the distribution business and headed the Group's operations in Hong Kong and China since 1984. He was instrumental in listing the Group back in 1995.

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

LEE YING CHEUN Age 77

Independent Non-Executive Director

Mr Lee Ying Cheun is a Non-Executive Director of the Company. He was first appointed a Director on 15 November 1995 and was last re-appointed on 29 April 2016. Mr Lee is the Chairman of the Nomination Committee and a member of the Audit and Compensation Committees of the Company. The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of a special committee of the Board formed to evaluate the true independence of long serving directors as set out in the Company's Corporate Governance Report, consider Mr Lee to be an independent director.

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

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

DILEEP NAIR Age 68

Independent Non-Executive Director

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

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

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

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

BIKRAMJIT SINGH THAKRAL Age 43

Alternate to Kartar Singh Thakral

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

Bikram is the Chief Executive Officer and a Director of Thakral One Pte Ltd, a Thakral family owned technology consulting and services company headquartered in Singapore with operations across Asia Pacific. Thakral One is primarily focused on providing solutions and advisory around core banking applications, business analytics and technology risk management. Prior to joining the Thakral Group of Companies, Bikram was a strategy consultant at a leading management consulting firm headquartered in Boston, Massachusetts, where he focused on corporate and consumer strategy. He also consulted with various public sector organizations in Asia in the areas of sector competitiveness and public policy.

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

Key Personnel

RIKHIPAL SINGH THAKRAL

Ph.D in Humanity (Hon)

Advisor to Investment Committee

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

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

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

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

Rikhi is the Founder and CEO of In-Sewa Foundation, a non-profit organization dedicated to humanitarian and social activities where he altruistically serves those in need with passion. Rikhi has been conferred Honorary Doctorate in Humanity by University of Cambodia as well as Vietnam National University for his significant humanitarian work in Indo-China. In March 2019, Rikhi has been awarded Development Medal First Class by the President of Laos.

ANIL MOOLCHAND DARYANANI

Chief Financial Officer

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

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

KANWALJEET SINGH DHILLON

Managing Director

Thakral Corporation (HK) Limited

Mr Kanwaljeet Singh Dhillon is the Managing Director of Thakral Corporation (HK) Limited, and is responsible for a key part of the Group's sales and marketing operations. He joined the Group in 1977 and has more than 40 years of experience in consumer electronics trading and distribution. His mastery of the Chinese market has been a strong enabler for the Group's growth in Hong Kong and China and he has contributed strongly to the growth in overall sales of the Group since its listing. Kanwaljeet graduated with a Bachelor of Commerce Degree from Punjab University, India.

TORSTEN STOCKER

Chief Operating Officer

Lifestyle Division

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

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

INDERGOPAL SINGH THAKRAL

Managing Director

Thakral China Ltd

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

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

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

Key Personnel

SATBIR SINGH THAKRAL

Marketing Director

Lifestyle Division

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

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

SEAN QIU

Financial Controller

Thakral China Ltd

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

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

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

KEVIN CHARLES BARRY

Joint Managing Director

Thakral Capital Australia Pty Ltd

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

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

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

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

GREGGORY JOHN PIERCY

Joint Managing Director

Thakral Capital Australia Pty Ltd

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

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

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

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

Key Personnel

VICTOR SHKOLNIK

Executive Director

Thakral Capital Australia Pty Ltd

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

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

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

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

MICHAEL JAMES STUBBS

Chief Financial Officer

Thakral Capital Australia Pty Ltd

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

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

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

Corporate Governance Report

The Company is committed to continually enhancing shareholder value and safeguarding the interest of all its stakeholders through good corporate governance. This report outlines the corporate governance framework and practices of the Company which were in place during the financial year ended 31 December 2018 ("FY2018"), reflecting the need to balance enterprise and accountability. The Board of Directors (the "Board") is pleased to report that the Company has complied with the 2012 Code of Corporate Governance (the "Code") for FY2018. Where there are deviations from the Code, appropriate explanations have been provided within this report. Following the revised Code of Corporate Governance published on 6 August 2018 (the "Revised Code") and its Practice Guidance, the Board is reviewing the applicable changes for compliance with requirements under the Revised Code and Practice Guidance for financial year 2019.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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

The Board has in 2018 put in place a code of conduct and ethics, taking into consideration the Revised Code. Directors facing conflicts of interest are required to promptly disclose such interest and recuse themselves from discussions and decisions involving the issues of conflict.

Matters Requiring Board Approval

The Company has established an extensive list of matters that requires Board approval. The list was last reviewed and updated by the Board during its November 2018 meeting taking into consideration the requirements of the Revised Code. The latest list includes matters relating to:

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

- appointment and membership of Board Committees and task forces and approving their terms of reference;

- appointment of and changes to directors of the Company's subsidiaries and associated companies (i) with net assets of at least S$10 million in consultation with the Nomination Committee and (ii) in consultation with the Compensation Committee where appointee is not a Director of the Company and whose annual remuneration is likely to be in excess of S$200,000;

Corporate Governance Report

- appointment of and changes to the Company's representation on the board of companies in which the group holds investments (other than subsidiaries and associated companies) with net assets of at least S$10 million on recommendation of the Company's CEO;
- appointment of and changes to legal representative(s) (or person(s) of equivalent authority) to the Company and/or any of its principal subsidiaries where such appointment/designation would have powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of the Company or that principal subsidiary;
- appointment of and changes to appointment of independent directors of the Company who are also on the boards of the Company's local and overseas principal subsidiaries;
- establishing a policy and criteria for directors' development in consultation with the Nomination Committee;
- review of remuneration, contracts and grants of options for Executive Directors and Senior Executive Officers in consultation with Compensation Committee, and recommend to Shareholders, fees payable to Non-executive Directors, including payments on retirement;
- announcements to the SGX-ST including approval and release of quarterly and annual financial results and annual reports;
- business strategy and operating budgets;
- related party transaction matters;
- investments, capital projects and transactions outside the ordinary course of business, incorporation, acquisition, disposal and liquidation of subsidiaries and associates or other assets or incurring liabilities over S$12 million (for those below S$12 million, authority for approval has been given to the Investment Committee);
- treasury policies including foreign currency and interest rate exposure;
- identifying, engaging and managing relationships with the material stakeholder groups as their perception affects the Company's reputation;
- setting the Company's values, code of conduct and ethics (including clear policies and procedures for dealing with conflict of interest), appropriate tone-from-the-top and desired organizational culture and ensuring proper accountability within the Company and that obligations to shareholders and stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation and promoting best practice in corporate governance;

Corporate Governance Report

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

- prospectus and new issue documents;

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

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

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

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

Delegation of Authority and Duties by the Board

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

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

The Board meets at least quarterly for its regular scheduled meetings, and whenever necessary for the discharge of its duties. All Board and Board Committees' meetings are planned and scheduled in advance. Materials for Board, Board Committees and general meetings are uploaded onto a secured portal for access by the Board and Board Committees' members. The Constitution of the Company provide for meetings of directors to be conducted by means of a telephone conference, videoconferencing, audio visual, or other similar communication equipment. Matters which require the Board and Board Committees' approval outside the scheduled meetings are circulated for approval via resolutions in writing. Board members have access to all Board and Board Committees' meeting minutes and resolutions.

Corporate Governance Report

Details of the directors' attendance at each Board and Committee and general meetings during FY2018 are as follows:

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

Board Orientation, Duties, Training and Updates

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

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

Board members are encouraged to attend relevant seminars and conferences to keep themselves up to date with legislative and regulatory changes as well as training programmes which are considered beneficial to performing their roles on the Board and its committees. From time to time, the Company disseminates information to Board members for their selection on appropriate seminars/workshops, in particular changes to listing and company regulations, corporate governance practices, financial reporting standard changes, risk management, conducted by the Singapore Institute of Directors ("SID"), SGX, Institute of Singapore Chartered Accountants and other established bodies. The Company funds all relevant training for Board members. All independent directors have attended relevant training programmes during FY2018. Relevant seminars/conferences/training programmes attended by the independent directors in FY2018 include the following:

- ACRA-SGX-SID Audit Committee Seminar 2018 (Rebooting Corporate Governance) jointly organized by Accounting and Corporate Regulatory Authority ("ACRA"), SGX and SID

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- Sustainability for Directors organised by SID
- Data and Insights-Driven Digital Innovation organised by SID
- Disruptive Technologies for Directors organised by SID
- Corporate Governance Code Briefing organised by SID

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

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

Investment Committee

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

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

The Investment Committee has written Terms of Reference that describe the responsibilities of its members. Its terms of reference were last reviewed by the Board in November 2018. The role of the Investment Committee is as follows:

- to review and approve investment proposals by the Company and/or its subsidiaries for amounts up to S$12 million for a single transaction or series of transactions relating to the same subject matter where the total investment does not exceed S$12 million;
- to review and recommend to the Board for approval investment proposals exceeding S$12 million. For the avoidance of doubt, the Investment Committee may at its discretion refer any investment proposal, not exceeding S$12 million to the Board for review and approval;
- to review and approve changes and variations to the terms of investments by the Company and/or its subsidiaries which have previously been approved by the Committee or the Board. The Investment Committee may at its discretion refer any variations to the terms of investments previously approved by the Board or the Investment Committee to the Board;
- to recommend to the Board any appropriate extensions or changes in the authority and duties of the committee;

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- to retain such professional consultancy firm as the committee may deem necessary to enable it to discharge its duties herein satisfactorily; and
- to carry out such other duties as may be agreed by the committee and the Board.

Principle 2: Board Composition and Guidance

Board Composition and Size

The Board currently consists of five directors of whom two are executive and three are independent and non-executive. There is therefore a strong independent element on the Board, with independent directors constituting more than half of the Board. No individual or group of individuals dominates the Board's decision-making process. Board members possess a range of core competencies in accounting, finance, business management, industry and market knowledge that provide effective direction for the Group. Representations from its controlling shareholder coupled with the independent element on the Board – comprising business leaders and professionals with a diversity of knowledge and experience – enables objective exercise of commercial judgment and provides appropriate checks and balances on Management's decisions. The Board has reviewed its size, having regard to the scope and nature of the operations of the Company. Considering the nature of the Group's core businesses, the Board is satisfied that the size of the Board is appropriate. The Board is also satisfied that the directors are fully qualified to carry out their responsibilities and bring the required experience to the Board to provide the Group the direction required. The Board will continue to review its size and skill set on a regular basis.

Board Diversity

The Board is of the view that a diverse Board will enable it to achieve its strategic objectives of improving shareholder value, sustainable development, stakeholder satisfaction when contribution to the Board's discussions is heard from those with a wide range of skills, business experience, gender, ethnicity, age and geographical background. A Board Diversity Policy has been put in place in 2019 taking into consideration the above advantages of having a diverse Board. The policy reinforces the need for greater diversity which reflects the real world and divergent backgrounds bring different points of view to the table on the matter under discussion and foster productive debate.

The Board, through the Nomination Committee, ensures that an appropriate balance and diversity of experience, skills and attributes among the directors is maintained. Current Board members possess a range of core competencies. The two executive directors have business and industry knowledge essential for leading and managing the Group's operations. The three independent non-executive directors have accounting and financial expertise as well as diversified and extensive business proficiency and capability. Key information of the directors is set out in the Board of Directors section of this Annual Report. Appointments to the Board are made on the new appointee's experience, requirements of the Board as well as potential contribution to the Board.

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

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

Board Independence

The Company considers directors with one or more relationships as set out in the Code and directors associated with substantial shareholders as non-independent. Among the said relationships under the Code are the relationships with the Company, its related corporation, its shareholders who hold 10% or more of the equity of the company or its officers who could interfere, or be reasonably perceived to interfere, with the independent director's judgement.

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

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

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Principle 3: Chairman and Chief Executive Officer

Mr Natarajan Subramaniam, Chairman of the Board, is an independent non-executive director who has been acting as the lead independent director and has been formally appointed as the Lead Independent Director on 28 February 2019 in line with the Corporate Governance guidelines to have a lead independent director. He leads the Board to ensure its effectiveness on all aspect of the Board's roles, is responsible for exercising control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board, encouraging constructive relations within the Board and between the Board and Management and ensuring effective communications with shareholders and compliance with the Group's guidelines on corporate governance. He sets the Board agenda and conducts Board meetings and promotes a culture of openness and debate at the Board to ensure that every Board member has an opportunity to be heard. The Lead Independent Director is available to shareholders through normal channels to respond to their queries.

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

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

Independent directors and non-executive directors, which includes the Chairman, have met six times during FY2018 without Management's presence to discuss the Group's current and future operations and financial position. The Chairman ensures that these discussions are advised to the Board for consideration and action.

Principle 4: Board Membership

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

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

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

The Nomination Committee has written Terms of Reference that describe the responsibilities of its members. The Terms of Reference were last reviewed and amended in November 2018.

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The duties of the Nomination Committee are as follows:

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

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

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

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

- to recommend to the Board on the re-nomination of directors for re-election at the Company's Annual General Meeting ("AGM") having regard to the directors' contribution and performance;

- to determine the independence of directors on an annual basis and as and when circumstance require in accordance with the applicable Code of Corporate Governance and Listing Rules;

- to ensure that directors who have multiple board representations give sufficient time and attention to the Company's affairs and to adopt internal guidelines to address the competing time commitments of such directors;

- to ensure new directors are aware of their duties and obligations;

- to review training and professional development programs for the Board and its directors and make appropriate recommendations to the Board;

- to ensure complete disclosure of key information of directors and search and nomination process as required under the Code and Listing Rules;

- to develop a transparent process for evaluation of the performance of the Board, its Board committees and directors using a set of pre-approved objective performance criteria including assessing whether directors are able to commit enough time to discharge their responsibilities as well as determining the maximum number of listed company Board representations which a director may hold for the Board's approval;

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- to determine and implement the process of assessing the effectiveness of the Board as a whole;
- to assess the contribution of each individual board member to the effectiveness of the Board;
- to make plans for succession for directors, in particular the appointment and/or replacement of the Chairman, and key management personnel;
- to recommend to the Board any appropriate extensions or changes in the authority and duties of the Nomination Committee;
- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily. Where an external facilitator has been used, the Company shall disclose in its annual report (a) whether the external facilitator has any other connection with the Company or any of its Directors and (b) the assessment process; and
- to carry out such other duties as may be agreed to by the Nomination Committee and the Board.

New Directors' Selection and Nomination Process

New directors are appointed by the Board based on recommendations by the Nomination Committee. Other than depending on the network of contacts and recommendations from directors for sourcing of new candidates, the Nomination Committee is open to using the services of external professional agency like the SID where necessary. In reviewing the suitability of new candidates, the Nomination Committee seeks to ensure that the candidate has the relevant qualification, experience and skills to contribute to the Board before submitting its recommendation to the Board for approval.

Expectation of Directors, Time Commitment and Multiple Directorships

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

For FY2018, the Nomination Committee was of the view that each director had discharged his duties adequately and that each director's listed directorship was in line with the Company's internal guidelines.

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Re-election of Directors and Alternate Directors

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

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

The Company's Constitution provides for appointment of alternate directors. Mr Bikramjit Singh Thakral has been appointed as an alternate director to the Executive Director, Mr Kartar Singh Thakral. Mr Bikramjit Singh Thakral bears all the duties and responsibilities of a director of the Board as well as of the various Board committees in which Mr Kartar Singh Thakral is a member. However, his appointment is of a non-executive nature, and his roles and responsibilities do not include executive duties. His appointment enables him to be groomed to be a full director of the Board at a future date.

Principle 5: Board Performance

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

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

The objective performance criteria established by the Nomination Committee to evaluate the Board's performance includes Board's size and composition, effectiveness of conduct of meetings, performance of the Board in discharging its functions particularly in measuring and monitoring performance and financial reporting, participation in strategic planning, risk management and internal controls, the performance of the Board Committees and individual directors and where relevant, comparing the Company's share price performance with its peers in the industry, the Singapore Straits Times Index and a benchmark index of its industry peers over a 5-year period and financial indicators such as Return on Assets, Return on Equity, Return on Investment and Economic Value Added of the Group over a 5-year period.

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As mentioned under principle 2 of the report, the Board has reviewed its size, having regard to the scope and nature of the operations of the Company and is satisfied that the size of the Board is reasonable and changes to the present Board number is not necessary. Where appropriate, the Chairman in consultation with the Nomination Committee reviews all new Board member appointments or seeks resignation of directors.

For the reporting year, the Board was satisfied with the performance of individual members of the Board and that the Board and its Board Committees operated effectively. Board members concurred that the Chairman has performed effectively in his role and responsibilities. No external facilitator was engaged.

Principle 6: Access to Information

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

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

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

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REMUNERATION MATTERS

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

The Compensation Committee comprises:

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

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

The Compensation Committee has written Terms of Reference that describe the responsibilities of its members. The terms of reference were last reviewed and amended in November 2018. The duties of the Compensation Committee are as follows:

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

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

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

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

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

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- to consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST and those recommended by the Code of Corporate Governance, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Group and its stakeholders;

- to review and make recommendations to the Board on the Group's framework of executive remuneration, in particular Executive Directors and Senior Executive Officers;

- to recommend to the Board for approval by shareholders, the remuneration of Non-Executive Directors ("NED") to ensure, as far as is possible, that the quantum is commensurate with the NED's contribution to the Board directly and through its sub-committees. NED should not be over-compensated to the extent that their independence may be compromised;

- to administer such share schemes or plans as may be implemented by the Company from time to time in accordance with the rules of the schemes/plans;

- to oversee any major changes in employee benefits or remuneration structures;

- to review the design of all long-term and short-term incentive plans for approval by the Board and shareholders;

- to oversee the talent management and succession planning matters for executives. Executive Directors are expected to collaborate on this with the Nomination Committee;

- to recommend to the Board any appropriate extensions or changes in the authority and duties of the committee;

- to retain such professional consultancy firm as the Committee may deem necessary to enable it to discharge its duties herein satisfactorily. Where a remuneration consultant has been used, the Company shall disclose in its annual report (a) the name and firm of the remuneration consultant, (b) whether the remuneration consultant has any relationship with the Company or any of its Directors and (c) the assessment process; and

- to carry out such other duties as may be agreed to by the Committee and the Board.

The Compensation Committee has established a framework of remuneration for Board members and senior executive officers including executive directors of the Company, which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, long term incentive schemes and benefits-in-kind. Certain component of the remuneration of the executive directors and key management personnel is linked to the performance of the Company/Group and the individual and aligned with the interests of shareholders to promote the long-term success of the Company through key performance indicators set by the Board on the recommendation of the Compensation Committee and takes into consideration the role of prudent risk taking in accordance with the risk management framework of the Company. The performance of executive directors and key management personnel is reviewed individually by the Compensation Committee and the Board on an annual basis.

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The Compensation Committee has reviewed the remuneration of non-executive directors, executive directors and senior executives of the Group and has recommended the remuneration payable to each of the above category for the Board's approval. No director was involved in deciding his own remuneration. In setting remuneration packages for executive directors and key executives, the Company has taken into account the performance of the Company and that of its executive directors and officers.

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

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

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

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

The Company does not have any contractual provisions to allow the Company to reclaim incentive from executive directors in case of wrongdoing.

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Disclosure of directors' and key executives' remuneration for FY2018 is tabulated below:

Directors' Remuneration:

Name of Director	Remuneration	Fees	Salary	Bonus/ Ex-gratia	Benefits	Total
	S$'000	%	%	%	%	%
Inderbethal Singh Thakral	803.0	–	34	15	51	100
Kartar Singh Thakral	315.4	–	98	–	2	100
Natarajan Subramaniam	320.3[1]	100	–	–	–	100
Lee Ying Cheun	131.0	100	–	–	–	100
Dileep Nair	127.0	100	–	–	–	100

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

No share options have been granted to any director during FY2018.

Key Senior Executives' Remuneration:

Name of Executive	Salary	Bonus/ Ex-gratia	Benefits	Total	Share Options Granted
	%	%	%	%	No.
S$750,000 to S$1,000,000					
Kevin Charles Barry	33	66	1	100	19,550
Greggory John Piercy	33	66	1	100	19,550
Victor Shkolnik	33	66	1	100	19,550
S$500,000 to S$750,000					
Kanwaljeet Singh Dhillon	49	–	51	100	–
S$250,000 to S$500,000					
Torsten Stocker	92	7	1	100	–
Michael James Stubbs	52	47	1	100	8,000
Anil Moolchand Daryanani	66	19	15	100	–

The aggregate remuneration paid to the key management personnel (who are not directors or the CEO) for FY2018 was S$4,660,000 (2017: S$5,484,000).

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

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Remuneration of Employees who are Substantial Shareholders or Immediate Family Members of a Director, Controlling Shareholder or Substantial Shareholder Exceeding S$50,000:

Name of Immediate Family Member of Director	Salary	Bonus/ Ex-gratia	Benefits	Total
	%	%	%	%
S$150,000 to below S$250,000				
Indergopal Singh Thakral	36	8	56	100
Satbir Singh Thakral	31	14	55	100
Ashmit Singh Thakral	45	55	–	100
Below S$100,000				
Kuldip Singh Thakral	–	–	–	–

Mr Indergopal Singh Thakral is the grand-nephew, grandson and nephew of Mr Kartar, Mr Kuldip Singh Thakral and Mr Inderbethal Singh Thakral respectively. He is the Managing Director of the Company's wholly-owned subsidiary, Thakral China Ltd. Mr Satbir Singh Thakral and Mr Ashmit Singh Thakral are the grandsons and sons of Mr Kartar Singh Thakral and Mr Inderbethal Singh Thakral respectively. Satbir is the Marketing Director of the Group's Lifestyle Division while Ashmit is Financial Investment Manager at Thakral Capital Australia Pty Ltd.

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

No share options have been granted to the above-mentioned immediate family members of directors in FY2018.

Other than disclosed in the above table, there were no employees who are substantial shareholders or immediate family members of a director, controlling shareholder or substantial shareholder, and whose remuneration exceeds S$50,000 in FY2018.

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Employees' Share Option Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

An aggregate of 78,300 options have been granted under the TCH ESOS since its adoption up to the end of FY2018. No share options were granted at a discount in FY2018 and no options were granted to directors and controlling shareholders of the Company and their associates.

Corporate Governance Report

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

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

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

Details of the options granted have been disclosed in the Directors' Statement from pages 70 to 71.

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

As mentioned under Principle 1, the Board keeps itself abreast and is kept informed by management and its Company Secretaries of legislative and regulatory requirements. It is also guided by the Company Secretaries and where necessary, legal advisers to ensure that the Company complies with the requirements of the Act and other rules and regulations applicable to the Company. Board members also attend relevant seminars and conferences to keep themselves up to date with legislative and regulatory changes.

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

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

Principle 11: Risk Management and Internal Controls

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

Corporate Governance Report

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

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

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

The Board has also received assurance from the Chief Executive Officer and the Chief Financial Officer for FY2018 that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) after due review, including necessary discussion with the relevant key management personnel, the Group's risk management and internal control systems and procedures in place are effective and adequate in addressing governance, financial, operational, compliance, environmental and information technology risks of the Group and are operating satisfactorily.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Management, the various Board Committees and Chief Executive Officer, the Audit Committee and the Board are of the opinion that the Group maintains a robust and effective risk management and internal control systems which were adequate in addressing governance, financial, operational, compliance, environmental and information technology risks as at the end of FY2018.

Principle 12: Audit Committee

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

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

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

Corporate Governance Report

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

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

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

The Audit Committee's Terms of Reference clearly set out its authority and duties. The terms of reference were last reviewed in November 2018. While focusing in particular on the areas of financial reporting, risk management and internal controls, the Audit Committee has been tasked to:

- to review the annual financial statements and the auditors' report thereon before they are presented to the Board;
- to review the announcements for the quarterly, half yearly and full year results and all other announcements relating to the Company's financial performance prior to the approval by the Board of Directors;
- to assess and provide a negative confirmation on the character and integrity of the CFO (or its equivalent rank) of the Company as and when required under the Listing Manual;
- to review and confirm the assurance from the CEO and the CFO on the financial records and financial statements;
- to discuss with the internal and external auditors, their audit plan, the nature, scope and methodology of their audit process and the results that can be expected to be attained and ensuring that the scope of the internal and external auditors' examination has not been restricted or influenced in any manner by Management;
- to review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised;

Corporate Governance Report

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance Report

The aggregate amount of fees paid to the auditors, broken down into audit and non-audit services have been disclosed in the notes to financial statements. In accordance with its terms of reference and as required under Rule 1207(6)(b) of the Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors for FY2018 and confirmed that they would not, in the Audit Committee's opinion, affect the independence and objectivity of the auditors.

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

The Audit Committee is kept abreast by the CFO and the external auditors of changes to accounting standards which could have an impact on the Group's business and financial statements. It has full access to and co-operation from the Management. It has been given the resources required to discharge its function properly. The executive management of the Company attends all meetings of the Audit Committee on invitation. The external auditor and the outsourced Internal Auditors ("IA") have unrestricted access to the Audit Committee and are present at all quarterly Audit Committee meetings. The Audit Committee meets with the external and the outsourced IA, without the presence of the Management, at least once a year.

The Audit Committee has met four times during FY2018 and details of their activities are disclosed in the Directors' Statement and has discharged its responsibility and duties independently. As part of its duties, the Audit Committee has reported to the Board:

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

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

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

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

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

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

Corporate Governance Report

Key Audit Matters

The Audit Committee considered a number of key matters during the financial year ended 31 December 2018 taking into account in all instances the views of the Company's external auditor.

The External Auditors have reported on four Key Audit Matters in their audit report of the Group for the year ended 31 December 2018.

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

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

The Key Audit Matters identified in the financial statements were discussed with the External Auditor and they confirmed that they were satisfied with the treatment of the items identified by them as Key Audit Matters. The Committee also reviewed with Management the assumptions and bases as set out in Note 3 and the methods used to arrive at the valuations.

The Committee after discussion with the External Auditors and Management concluded that the methods used for estimating and arriving at the valuation of each of the above category of assets was satisfactory and in compliance with the relevant accounting standards.

Whistle-blowing Policy

The Audit Committee has established and put in place a whistle-blowing policy and procedures to provide employees and any other person with well-defined and accessible channels within the Group, including direct communication via electronic mail and designated postal mailbox available only to the Audit Committee and outsourced IA, for reporting of suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. In promoting and creating fraud control awareness, the whistle-blowing policy and procedures are circulated to all existing and newly recruited employees by the human resource department.

The Audit Committee oversees the administration of the policy while the outsourced IA administers the policy. In addition to reporting upon the receipt of any complaint, the outsourced IA also furnishes quarterly reports to the Audit Committee stating the number and nature of complaints received, the results thereof, follow up action and the unresolved complaints, if any. Thereafter, summarised results and follow up measures are advised to the Board of Directors after review by the Audit Committee. The policy and procedures statement is reviewed annually by the Audit Committee and the approved document is circulated to employees after each annual review. On 28 February 2019, the Audit Committee reviewed and approved the policy and procedures statement and did not recommend any changes to the document. The policy and procedures statement has been circulated to employees after the review.

Corporate Governance Report

Interested Person Transactions Policy

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

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

Name of interested person	Aggregate value of all interested person transactions during the year ended 31 December 2018 under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
	S$'000	S$'000
Thakral Brothers (Pte) Ltd and subsidiaries		
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:

1. 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.
2. The acquisition was approved by shareholders of the Company at the Extraordinary General Meeting held on 14 June 2018.

Corporate Governance Report

Principle 13: Internal Audit

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

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

The Audit Committee reviews the annual internal audit plans. The Audit Committee reviews the reports of internal audit each quarter, including the reports on Related Party Transactions. All improvements to controls recommended by the outsourced IA and accepted by the Audit Committee are monitored for implementation. The Audit Committee reviews the adequacy, effectiveness and the performance of the outsourced internal audit function annually. The Audit Committee is of the view that the outsourced internal audit function is adequate, effective, independent of the functions it audits and has performed its function satisfactorily.

DEALINGS IN SECURITIES

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

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

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

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

Corporate Governance Report

The Company recognises the importance of engaging in effective communications with its shareholders and is, at all times, committed to provide shareholders and the investing public, timely, relevant, transparent and quality information on its financial data, corporate strategies as well as material updates and developments of the Group. Hence, the Company has in place an investor relations policy to promote regular, effective and fair communication with shareholders whereby pertinent information can be regularly conveyed to shareholders. The investor relations policy was reviewed by the Board at its February 2019 meeting.

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

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

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

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

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

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

Corporate Governance Report

The Company maintains a flexible dividend policy with having sufficient cash on hand as one of its critical considerations. Payout is based on overall cash and financial position, and future operational and investment needs. Total interim dividend of four cents per ordinary share has been paid for FY2018. The two interim dividends of two cents per ordinary share were paid on 23 May 2018 and 30 November 2018.

The AGM is the principal forum for dialogue with shareholders. All directors of the Company, save for any unanticipated circumstances, shall be present at the AGM and all general meetings to address queries from shareholders. Shareholders will therefore have the opportunity to exchange their views on the Group's affairs as well as address questions to the Board. The Chief Financial Officer and representatives of the external auditors are also present at the AGM to address shareholders' queries on the Group's financials, if required, at the invitation of the Chairman. Directors and where applicable, Management, also make themselves available before and after general meetings to interact with shareholders. The Company shall ensure that the minutes of its general meetings have been prepared to include substantial and relevant queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. The minutes of the Company's general meetings are available for shareholders' inspection upon their request in accordance with the Company's Constitution and pursuant to any applicable legislation. Minutes of the Company's general meetings commencing from 2019 shall be made available on the Company's website.

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

Where presentation slides are used at such briefings and all other meetings/interviews with analysts and media, these are released via SGXNET and uploaded on the Company's website. Management presents to shareholders at annual general meetings an update on the Company's performance, position and prospects.

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

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

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

Corporate Governance Report

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

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

Financial Contents

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 81 to 181 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Natarajan Subramaniam	(Chairman)
Kartar Singh Thakral	
Inderbethal Singh Thakral	
Lee Ying Cheun	
Dileep Nair	
Bikramjit Singh Thakral	(Alternate Director to Kartar Singh Thakral)

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

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

Directors' Statement

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company (ordinary shares)				
Kartar Singh Thakral	–	–	39,073,660	39,073,660
Inderbethal Singh Thakral	–	–	39,073,660	39,073,660
Bikramjit Singh Thakral	8,900	8,900	19,226,278	35,823,660
Subsidiary – Thakral Japan Properties Pte Ltd (ordinary shares)				
Kartar Singh Thakral	–	–	–	566,099
Inderbethal Singh Thakral	–	–	–	566,099
Bikramjit Singh Thakral	–	–	–	566,099

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

The directors' interest in the share capital and debentures of the Company at January 21, 2019 were the same at December 31, 2018.

4 SHARE OPTIONS

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

(b) The Thakral Capital Holdings Pte Ltd (the "TCH") Employees' Share Option Scheme 2015 (the "TCH Scheme") was approved at an Extraordinary General Meeting on April 29, 2015. The members of the Compensation Committee administering the TCH Scheme during the year were Messrs Natarajan Subramaniam (Chairman), Lee Ying Cheun and Dileep Nair. There are 78,300 options granted in 2018 under the TCH Scheme. No share options were granted at a discount during the year and no options were granted to directors and controlling shareholders of the Company and their associates.

4 **SHARE OPTIONS** (CONTINUED)

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

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

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

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

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

5 **AUDIT COMMITTEE**

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

Natarajan Subramaniam
Lee Ying Cheun
Dileep Nair

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

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

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

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

Directors' Statement

5 AUDIT COMMITTEE (CONTINUED)

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

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

f) the re-appointment of the external auditors of the Group.

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

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

6 AUDITORS

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

ON BEHALF OF THE BOARD

Mr Natarajan Subramaniam

Mr Inderbethal Singh Thakral

March 29, 2019

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Thakral Corporation Ltd (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 181.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

I. Valuation of inventories

As at December 31, 2018, the Group has inventories amounting to S$24,180,000.

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

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

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

Management reviews the inventory listing monthly and assesses the inventories on an item by item basis. This review also involves comparison of the carrying value of the inventory with the respective net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made based on the position as at December 31, 2018.

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

Our audit procedures and responses thereon:

Audit procedures included the following:

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

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

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

II. Valuation of investment properties

The Group's investment properties amounting to S$66,489,000 are stated at their estimated fair value.

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

The fair value of the Group's investment properties located in Australia is determined by management based on discounted cash flows. The key judgements and estimates include sell down or rental model, forecast revenue, discount rate, sales price and number of sales per month.

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

Our audit procedures and responses thereon:

Audit procedures included the following:

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

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

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

d) engaged our valuation specialist to assess the accuracy of the discounted cash flow approach used to derive the valuation of the investment properties, the valuation methodology, significant judgements, estimates and assumptions used by the management against general market practise for similar types of properties, and recomputed the discounted cash flows using the significant judgments, estimates and assumptions used by management and compared valuation assumptions and available industry data for comparable markets and properties.

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

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

As at December 31, 2018, the Group has unquoted investments classified as financial assets measured at fair value through income statement ("FVTIS") amounting to S$44,743,000.

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

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

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

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

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

Our audit procedures and responses thereon:

Audit procedures included the following:

a) evaluated management's assessment on impact of SFRS(I) 9 *Financial Instruments* on the financial assets.

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

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

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

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

Our audit procedures and responses thereon:

Audit procedures included the following:

a) reviewed the basis of the accounting and classification of debt instruments measured at FVTIS in accordance with SFRS(I) 9 *Financial Instruments*.

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

c) reviewed management's basis of interest rates and compared against market rates.

d) reviewed management's assessment of credit risk and recoverability of the debt instruments.

e) verified to loan agreements and perform background search of the counterparties for new loans.

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

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF THAKRAL CORPORATION LTD

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 29, 2019

Statements of Financial Position

DECEMBER 31, 2018

	Note	Group December 31, 2018	Group December 31, 2017	Group January 1, 2017	Company December 31, 2018	Company December 31, 2017	Company January 1, 2017
		S$'000	S$'000 (restated)	S$'000 (restated)	S$'000	S$'000 (restated)	S$'000 (restated)
ASSETS							
Current assets							
Cash and bank balances	7	**11,510**	46,175	29,787	**944**	1,890	210
Trade receivables	8	**10,065**	11,807	9,871	**-**	-	-
Other receivables and prepayments	9	**7,623**	7,963	10,781	**71**	64	65
Debts instruments measured at fair value through income statement	17	**18,540**	-	-	**-**	-	-
Loans receivable	17	**-**	48,198	28,382	**-**	-	-
Assets held for sale	13	**-**	-	40,140	**-**	-	-
Inventories	10	**24,180**	24,058	18,884	**-**	-	-
Total current assets		**71,918**	138,201	137,845	**1,015**	1,954	275
Non-current assets							
Fixed deposits	7	**-**	10	10	**-**	-	-
Other receivables and prepayments	9	**1,695**	1,462	-	**-**	-	-
Debts instruments measured at fair value through income statement	17	**53,349**	-	-	**-**	-	-
Loans receivable	17	**-**	31,619	25,870	**-**	-	-
Property, plant and equipment	11	**3,492**	1,896	1,807	**19**	10	16
Investment properties	12	**66,489**	47,533	54,616	**-**	-	-
Subsidiary corporations	14	**-**	-	-	**115,980**	120,556	99,762
Joint ventures	15	**4,182**	-	115	**-**	-	-
Associate	16	**28,373**	-	-	**-**	-	-
Derivative financial instrument	18	**-**	206	755	**-**	-	-
Financial assets measured at fair value through income statement	19	**44,744**	-	-	**-**	-	-
Available-for-sale investments	19	**-**	34,242	18,681	**-**	-	-
Total non-current assets		**202,324**	116,968	101,854	**115,999**	120,566	99,778
Total assets		**274,242**	255,169	239,699	**117,014**	122,520	100,053

See accompanying notes to financial statements.

Statements of
Financial Position

DECEMBER 31, 2018

	Note	Group December 31, 2018	Group December 31, 2017	Group January 1, 2017	Company December 31, 2018	Company December 31, 2017	Company January 1, 2017
		S$'000	S$'000 (restated)	S$'000 (restated)	S$'000	S$'000 (restated)	S$'000 (restated)
LIABILITIES AND EQUITY							
Current liabilities							
Trade and bills payables	20	**3,999**	3,760	2,633	**-**	–	–
Trust receipts	21	**10,968**	11,207	21,535	**-**	–	–
Bank and other borrowings	22	**24,933**	31,691	44,664	**4,342**	–	–
Other payables	23	**16,789**	18,308	18,188	**444**	856	649
Provisions	24	**2,706**	2,504	2,969	**52**	52	52
Income tax payable		**3,082**	4,621	3,398	**-**	–	–
Total current liabilities		**62,477**	72,091	93,387	**4,838**	908	701
Non-current liabilities							
Amount owing to subsidiary corporations	14	**-**	–	–	**6,950**	8,056	5,752
Bank and other borrowings	22	**19,419**	15,146	24,005	**-**	–	–
Deferred tax liability	25	**10,593**	5,222	1,894	**-**	–	–
Total non-current liabilities		**30,012**	20,368	25,899	**6,950**	8,056	5,752
Capital, reserves and non-controlling interests							
Issued capital	26	**72,579**	72,579	72,579	**72,579**	72,579	72,579
Reserves	27	**59,563**	59,334	23,892	**32,647**	40,977	21,021
Equity attributable to equity holders of the Company		**132,142**	131,913	96,471	**105,226**	113,556	93,600
Non-controlling interests	14	**49,611**	30,797	23,942	**-**	–	–
Total equity		**181,753**	162,710	120,413	**105,226**	113,556	93,600
Total liabilities and equity		**274,242**	255,169	239,699	**117,014**	122,520	100,053

See accompanying notes to financial statements.

Consolidated Statement of
Profit or Loss and Other Comprehensive Income

YEAR ENDED DECEMBER 31, 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (restated)
Revenue	29	**157,124**	153,230
Cost of sales		**(105,461)**	(103,687)
Gross profit		**51,663**	49,543
Other operating income	30	**360**	319
Distribution costs		**(8,444)**	(6,536)
Administration expenses		**(17,544)**	(20,970)
Other operating expenses		**(1,615)**	(1,519)
Share of profit (loss) of associate and joint ventures	15, 16	**13,562**	(116)
Finance income		**67**	493
Finance costs	31	**(4,235)**	(5,432)
Gain on disposal of assets held for sale	13	**–**	33,858
Valuation losses on investment properties, net	12	**(7,072)**	(6,883)
Profit before income tax		**26,742**	42,757
Income tax	32	**(6,503)**	(3,051)
Profit for the year	33	**20,239**	39,706
Profit attributable to:			
Equity holders of the Company		**9,297**	37,748
Non-controlling interests		**10,942**	1,958
		20,239	39,706
Basic earnings per share (cents)	35	**7.10**	28.85
Diluted earnings per share (cents)	35	**7.10**	28.85
Profit for the year		**20,239**	39,706
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Translation loss arising on consolidation		**(4,375)**	(2,786)
Fair value gain on available-for-sale investments, net of tax		**–**	13,095
Other comprehensive (loss) income for the year, net of tax		**(4,375)**	10,309
Total comprehensive income for the year		**15,864**	50,015
Total comprehensive income attributable to:			
Equity holders of the Company		**5,338**	41,985
Non-controlling interests		**10,526**	8,030
		15,864	50,015

See accompanying notes to financial statements.

Statements of
Changes in Equity

YEAR ENDED DECEMBER 31, 2018

	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
Effects on adoption of SFRS(I) 1	-	-	-	-	-	27,680	(27,680)	-	-	-
Balance at January 1, 2017, restated	72,579	(9,207)	3,278	1,804	31	-	27,986	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 34)	-	-	-	-	-	-	(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, restated	72,579	(9,207)	296	8,337	-	(2,296)	62,204	131,913	30,797	162,710

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2018

	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, 2018, restated	72,579	(9,207)	296	8,337	-	(2,296)	62,204	131,913	30,797	162,710
Effects on adoption of SFRS(I) 9	-	-	-	(8,337)	-	(234)	8,571	-	-	-
Balance at January 1, 2018, restated	72,579	(9,207)	296	-	-	(2,530)	70,775	131,913	30,797	162,710
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	9,297	9,297	10,942	20,239
Other comprehensive loss for the year	-	-	-	-	-	(3,959)	-	(3,959)	(416)	(4,375)
Total	-	-	-	-	-	(3,959)	9,297	5,338	10,526	15,864
Transactions with owners, recognised directly in equity										
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	-	8,410	8,410
Dividends (Note 34)	-	-	-	-	-	-	(5,234)	(5,234)	-	(5,234)
Capital reserve arising from increase in shareholding of a subsidiary corporation	-	123	-	-	-	-	-	123	(123)	-
Recognition of share-based payments of a subsidiary corporation	-	-	-	-	2	-	-	2	1	3
Total	-	123	-	-	2	-	(5,234)	(5,109)	8,288	3,179
Balance at December 31, 2018	72,579	(9,084)	296	-	2	(6,489)	74,838	132,142	49,611	181,753

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2018

	Issued capital S$'000	Options reserve S$'000	Retained earnings S$'000	Total S$'000
Company				
Balance at January 1, 2017	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 34)	–	–	(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
Loss for the year, representing total comprehensive loss for the year	–	–	(3,096)	(3,096)
Transactions with owners, recognised directly in equity				
Dividends (Note 34)	–	–	(5,234)	(5,234)
Balance at December 31, 2018	**72,579**	**-**	**32,647**	**105,226**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	S$'000	S$'000 (restated)
OPERATING ACTIVITIES		
Profit before income tax	**26,742**	42,757
Adjustments for:		
Depreciation expense of property, plant and equipment	**294**	246
Share of (profit) loss of associate and joint ventures	**(13,562)**	116
Interest income from loans receivable and dividend income from unquoted investments	**–**	(22,455)
Dividend income from financial assets measured at FVTIS	**(934)**	–
Fair value gain on debt instruments	**(21,566)**	–
Fair value gain on financial assets	**(5,305)**	–
Interest expense	**4,235**	5,432
Interest income	**(67)**	(493)
Loss on disposal of property, plant and equipment	**13**	5
Gain on disposal of assets held for sale	**–**	(33,858)
Valuation losses on investment properties, net	**7,072**	6,883
Unrealised loss on outstanding derivative financial instrument	**212**	532
Net unrealised foreign exchange loss	**649**	2,216
Share-based payment expenses	**3**	–
Provision for employee benefits	**330**	212
Allowance for inventories	**2,592**	522
Impairment loss recognised on trade receivables	**115**	205
Impairment loss recognised on other receivables	**13**	10
Operating cash flows before movements in working capital	**836**	2,330
Trade receivables	**1,597**	(2,858)
Other receivables and prepayments	**(1,080)**	717
Inventories	**(3,076)**	(6,880)
Trade and bills payables	**237**	1,298
Other payables and provisions	**(758)**	218
Cash used in operations	**(2,244)**	(5,175)
Income tax paid	**(2,543)**	(1,747)
Interest paid	**(5,357)**	(4,566)
Interest received	**739**	1,910
Net cash used in operating activities	**(9,405)**	(9,578)

See accompanying notes to financial statements.

Consolidated Statement of
Cash Flows

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	S$'000	S$'000 (restated)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(1,059)**	(430)
Proceeds from disposal of property, plant and equipment	**2**	3
Proceeds from disposal of assets held for sale	**–**	69,517
Investments in associate	**(18,144)**	–
Investments in joint ventures	**(518)**	–
Acquisition of a subsidiary corporation (Note A)	**(9,000)**	–
Dividend received from financial assets measured at FVTIS	**1,458**	–
Additions to financial assets measured at FVTIS	**(3,345)**	–
Repayments of debt instruments measured at FVTIS – current and non-current	**48,387**	–
Additions to debt instruments measured at FVTIS – current and non-current	**(25,164)**	–
Repayment of loans receivable – current and non-current	**–**	26,701
Additions to loans receivable – current and non-current	**–**	(31,323)
Net cash (used in) generated from investing activities	**(7,383)**	64,468
FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders in a subsidiary corporation	**(475)**	(1,181)
Dividends paid	**(5,234)**	(6,543)
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)
Decrease in pledged fixed deposits	**6,154**	12,657
Decrease in trust receipts	**(391)**	(8,881)
Increase in factoring loan	**790**	–
Increase in other loans	**4,218**	19,956
Repayments of other loans	**(15,983)**	(9,614)
Loans from banks (Note A)	**1,102**	1,327
Repayments of bank loans	**(10,050)**	(32,966)
Net cash used in financing activities	**(9,215)**	(27,527)
Net (decrease) increase in cash and cash equivalents	**(26,003)**	27,363
Cash and cash equivalents at beginning of year (Note 7)	**34,911**	7,690
Net effect of exchange rate changes in the balance of cash held in foreign currencies	**(220)**	(142)
Cash and cash equivalents at end of year (Note 7)	**8,688**	34,911

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

See accompanying notes to financial statements.

Notes to Financial Statements

DECEMBER 31, 2018

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, 2018 were authorised for issue by the Board of Directors on March 29, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 40.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and SFRS(I)s.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Changes in the Group's ownership interests in existing subsidiary

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

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

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

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

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits respectively*;

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

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

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

Financial assets (Before January 1, 2018)

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 FVTIS 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(b)(v). 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.

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 25 days (2017: 26 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.

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

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.

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 assets (From January 1, 2018)

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

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

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTIS.

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTIS if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortised cost and effective interest method (Continued)

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

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

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

Financial assets at FVTIS

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

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

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

Notes to Financial Statements

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange gains and losses

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

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

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

Impairment of financial assets

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant increase in credit risk

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

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

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant increase in credit risk (Continued)

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

Definition of default

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

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

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;

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

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

Write-off policy

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement and recognition of expected credit losses

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

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

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial guarantee contracts

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

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

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

Foreign exchange gains and losses

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not apply hedge accounting on derivative financial instruments.

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

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DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting arrangements

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

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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 less cost to sell.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an independent firm of professional valuers.

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

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

INVESTMENT PROPERTIES – Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair value of the investment properties are included in the profit or loss for the period in which they arise.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Sale of goods

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

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

Interest income

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

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DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

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

Management fees and service income

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

Rental income

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

Fair value changes on debt instruments and financial assets

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

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

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

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

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual 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.

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DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Critical judgements in applying the entity's accounting policies

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

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

Note 14 describes that TJP is a subsidiary corporation of the Group although the Group only held a 49.9% ownership interest in TJP prior to 2018. The remaining 50.1% of the ordinary shares of TJP was 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. During 2018, the Group increased its ownership interest to 50.6%.

(ii) Accounting for entities under TMK structure

During the year, the Group incorporated two new subsidiary corporations, TJP Pte Ltd and SJ Property Investments Pte Ltd with principal activity being investment in Japanese properties through TMK Japan TCAP ("TMK"), a Japan tokutei mokuteki kaisha. Due to the nature of the TMK, the Group is required to have more than 25% of common shares which would represent significant influence over the TMK.

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

TMK is accounted for as an associate company using the equity method with share of profits of 99.5% (49% preferred shares (include rights to dividends and residual assets but no voting power) and 50.5% preferred shares (include rights to dividends and residual assets but no voting power) held indirectly in a Japanese vehicle through a TK (tokumei kumiai) operator which the Group does not have a right to control and the Group has agreed to delegate all authority to the TK operator which can only be lifted through the dissolution of the TMK).

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

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, 2018, the Group has inventories amounting to S$24,180,000 (2017: S$24,058,000).

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.

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

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

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

(ii) Impairment loss on trade and other receivables

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

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

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

Key sources of estimation uncertainty (Continued)

(iii) Valuation of investment properties

The Group's investment properties amounting to S$66,489,000 (2017: S$47,533,000). Investment properties are stated at their estimated fair values.

The fair values of the Group's investment properties located in the People's Republic of China ("PRC") and Singapore 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.

The fair values of the Group's investment properties located in Australia have been determined by management based on discounted cash flows. The key judgements and estimates include sell down or rental model, forecasted revenue, discount rates, sales price and number of sales per month.

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 financial assets measured at FVTIS

As at December 31, 2018, the Group has unquoted investment measured at FVTIS (2017: available-for-sale investment) amounting to S$44,743,000 (2017: S$34,241,000).

The fair value of the financial assets measured at FVTIS (2017: 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 office, hotel and retail buildings in Japan which are leased to external parties.

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

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

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

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

Notes to Financial Statements

DECEMBER 31, 2018

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

Key sources of estimation uncertainty (Continued)

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

The Group has made disclosures on these financial assets measured at FVTIS (2017: available-for-sale investment) in Note 19 to the financial statements.

(v) Valuation of debt instruments measured at FVTIS

As at December 31, 2018, the Group has debt instruments amounting to S$71,889,000 (2017: S$79,817,000) which are extended to third parties and the joint venture entities for development projects in Australia. These debt instruments earn fixed interest income on the principal amount and variable returns less withholding tax at the relevant rate.

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

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

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

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

(vi) Impairment of investments in subsidiary corporations

Determining whether investments in subsidiary corporations are impaired requires an estimation of the recoverable amount of the investment in subsidiary corporations as at the end of the reporting period. Management has estimated the recoverable amount based on the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiary corporations which has been stated net of an impairment loss of S$113,117,000 (2017: S$99,373,000). 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		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Financial assets						
Financial assets at amortised cost	**28,341**	144,843	101,843	**951**	1,915	235
Derivative financial instrument not designated in hedge accounting relationships	**-**	206	755	**-**	-	-
Debt instruments measured at FVTIS	**71,889**	-	-	**-**	-	-
Financial assets measured at FVTIS	**44,744**	-	-	**-**	-	-
Available-for-sale investments	**-**	34,242	18,681	**-**	-	
Financial liabilities						
Payables, at amortised cost	**69,055**	73,051	101,805	**11,736**	8,912	6,401

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

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DECEMBER 31, 2018

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

(b) Financial risk management policies and objectives

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

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

(i) Credit risk management

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

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

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

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

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

(i) Credit risk management (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the country and industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has certain concentration of credit risk as approximately 34% (2017: 40%) of the total trade and other receivables (excluding advances to suppliers and prepayments) were due from the Group's ten largest customers.

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

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

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

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

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DECEMBER 31, 2018

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

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

(ii) Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing financial liabilities at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit before tax for the year ended December 31, 2018 of the Group would decrease/increase by S$67,000 (2017: S$80,000).

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

(iii) Foreign exchange risk management

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

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

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

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

Notes to Financial Statements

DECEMBER 31, 2018

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

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

(iii) Foreign exchange risk management (Continued)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities, after 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollar	**11,774**	14,358	**16,738**	16,314	**21**	25	**-**	-
Hong Kong dollar	**33**	35	**14,313**	2,085	**15**	16	**73,142**	61,676
Japanese yen	**1,740**	5,209	**492**	547	**3,298**	1,522	**1,575**	1,503
Australian dollar	**4,336**	17,343	**-**	475	**-**	1,912	**-**	475

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

Foreign currency sensitivity

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

Notes to Financial Statements

DECEMBER 31, 2018

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

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

(iii) Foreign exchange risk management (Continued)

Foreign currency sensitivity (Continued)

If the relevant foreign currency 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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group								
Profit for the year	**494**	209	**1,433**	205	**(125)**	588	**(429)**	(1,740)
Other equity	**2**	(13)	**(5)**	–	**1**	(20)	**(5)**	53
Company								
Profit for the year	**(2)**	(3)	**7,313**	6,166	**(172)**	(2)	**–**	(144)

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

	United States dollar impact		Hong Kong dollar impact		Japanese yen impact		Australian dollar impact	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group								
Profit for the year	**(494)**	(209)	**(1,433)**	(205)	**125**	(588)	**429**	1,740
Other equity	**(2)**	13	**5**	–	**(1)**	20	**5**	(53)
Company								
Profit for the year	**2**	3	**(7,313)**	(6,166)	**172**	2	**–**	144

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

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

(iii) Foreign exchange risk management (Continued)

Foreign currency sensitivity (Continued)

The Group's sensitivity to foreign currencies have increased in relation to the United States dollar during the current year mainly due to the increase in 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 decreased in the year due to lower inter-company and bank balances denominated in Australian dollars.

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

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

(iv) Liquidity risk management

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

The Group also utilises bank and other borrowings for working capital purposes.

Non-derivative financial liabilities

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

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

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

(iv) Liquidity risk management (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
December 31, 2018						
Non-interest bearing	**–**	**13,735**	**–**	**–**	**–**	**13,735**
Variable interest rate instruments	**4.57**	**4,257**	**9,824**	**–**	**(627)**	**13,454**
Fixed interest rate instruments	**5.36**	**33,340**	**10,814**	**–**	**(2,288)**	**41,866**
		51,332	**20,638**	**–**	**(2,915)**	**69,055**
December 31, 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
January 1, 2017						
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

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

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

(iv) Liquidity risk management (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000 (restated)	S$'000	S$'000	S$'000 (restated)
Company						
December 31, 2018						
Non-interest bearing	**-**	**444**	**5,383**	**-**	**-**	**5,827**
Fixed interest rate instruments	**5.67**	**4,677**	**1,656**	**-**	**(424)**	**5,909**
		5,121	**7,039**	**-**	**(424)**	**11,736**
December 31, 2017						
Non-interest bearing	–	856	6,553	–	–	7,409
Fixed interest rate instruments	2.00	30	1,539	–	(66)	1,503
		886	8,092	–	(66)	8,912
January 1, 2017						
Non-interest bearing	–	649	4,184	–	–	4,833
Fixed interest rate instruments	2.00	31	1,626	–	(89)	1,568
		680	5,810	–	(89)	6,401

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 37, if the full outstanding guaranteed amount is claimed by the counterparty to the guarantee, is S$32,642,000 (2017: S$11,207,000). The earliest period that the guarantee could be called is within 1 year (2017: 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.

Notes to Financial Statements

DECEMBER 31, 2018

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

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

(iv) **Liquidity risk management** (Continued)

Derivative financial instruments

The 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.

	On demand or within 1 year	Within 2 to 5 years	After 5 years
	S$'000	S$'000	S$'000
December 31, 2017			
Net settled:			
Foreign exchange option	–	206	–
January 1, 2017			
Net settled:			
Foreign exchange option	–	755	–

The fair value of the derivative financial instrument was Nil as at December 31, 2018.

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

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

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The following financial instruments are measured at fair value:

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

The fair value of the derivative financial instrument was Nil as at December 31, 2018.

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Available-for-sale investments:				
– Unquoted investment	–	–	34,241	34,241
– Club debenture	–	–	1	1
Derivative financial instrument	–	206	–	206
January 1, 2017				
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, 18 and 19 for further information on the fair value of debt instruments, derivative financial instrument and unquoted investment respectively.

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

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

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

Financial assets measured at fair value based on level 3

	Financial assets measured at FVTIS	Debt instruments measured at FVTIS
	S$'000	S$'000
Group		
As at January 1, 2017	18,681	–
Other comprehensive income	13,095	–
Translation adjustment	2,466	–
As at December 31, 2017	34,242	–
Effects on adoption of SFRS(I) 9	–	79,817
Additions	3,345	25,164
Repayments	–	(48,387)
Fair value gain for the year	5,305	21,566
Translation adjustment	1,852	(6,271)
As at December 31, 2018	**44,744**	**71,889**

Company

The Company had no financial assets or liabilities carried at fair value in 2017 and 2018.

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

(vi) Equity price risk management

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

Price sensitivity

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

In respect of FVTIS, if the significant inputs (as disclosed in Note 19) to the valuation model had been 3% higher or lower while all other variables were held constant, the profit before tax for the year would increase or decrease by S$2,923,000 (2017: investment revaluation reserve by S$1,802,000) respectively.

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

(c) *Capital management policies and objectives*

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 21 and 22 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 26 and 27. The Group monitors capital using a gearing ratio, which is total debt divided by equity. As at December 31, 2018, the Group's gearing ratio is 0.42 (2017: 0.44).

Four subsidiary corporations of the Company are required to maintain a minimum net worth level in order to comply with a covenant for trade finance facilities from banks. All subsidiary corporations are in compliance with externally imposed capital requirements for the years ended December 31, 2017 and 2018.

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 2017.

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.

6 RELATED PARTY TRANSACTIONS

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

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6 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2018		2017	
	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	–	833	–	538
Purchases, net of returns	–	(10,199)	–	(16,004)
Acquisition of a subsidiary corporation	(9,000)	–	–	–
Service fees income	–	45	–	–
Service fees paid	–	(63)	–	(171)
Commission paid	–	(26)	–	(33)
Interest expenses	(124)	(305)	–	(58)
Rental income	–	610	–	–
Lease payments under operating lease	(40)	(70)	(62)	(35)

The Group also has an operating lease commitment of up to Nil (2017: S$46,000) payable 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	
	2018	2017
	S$'000	S$'000
Short-term benefits	6,345	9,897
Post-employment benefits	15	13
	6,360	9,910

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

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7 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Fixed deposits	**103**	2,351	54	**–**	–	–
Pledged fixed deposits	**2,743**	8,913	22,043	**–**	–	–
Cash and bank balances	**8,664**	34,911	7,690	**944**	1,890	210
Current	**11,510**	46,175	29,787	**944**	1,890	210
Fixed deposits	**–**	10	10	**–**	–	–
Non-current	**–**	10	10	**–**	–	–
Total	**11,510**	46,185	29,797	**944**	1,890	210
Less:						
Fixed deposits with maturities exceeding three months	**(79)**	(2,351)	(54)	**–**	–	–
Fixed deposits that have been placed with banks against trust receipts	**(2,743)**	(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	**8,688**	34,911	7,690	**944**	1,890	210

Fixed deposits bear interest at an average effective interest rate of 0.95% (2017: 2.95%) per annum and are for a weighted average tenure of approximately 196 days (December 31, 2017: 193 days, January 1, 2017: 1,014 days).

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8 TRADE RECEIVABLES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Trade receivables	**10,043**	11,206	10,375
Management fee and other service income receivable	**870**	1,292	183
Loss allowance	**(848)**	(769)	(808)
	10,065	11,729	9,750
Trade receivables due from related parties (Note 5)	**-**	78	121
	10,065	11,807	9,871

The average credit period on sale of goods is 25 days (2017: 26 days). No interest is charged on the overdue trade receivables. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

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

	Group					
December 31, 2018	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Expected credit loss rate	**0.07%**	**0.37%**	**7.21%**	**3.94%**	**49.80%**	
Estimated total gross carrying amount at default	**7,260**	**1,082**	**818**	**203**	**1,550**	**10,913**
Lifetime ECL	**(5)**	**(4)**	**(59)**	**(8)**	**(772)**	**(848)**
						10,065

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8 TRADE RECEIVABLES (CONTINUED)

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

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

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

Previous accounting policy for impairment of trade receivables

Before January 1, 2018 doubtful debt allowances for trade receivables were determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Included in the Group's trade receivables balance were debtors with a carrying amount of S$2,176,000 as at December 31, 2017 (January 1, 2017: S$2,779,000) which were past due at the end of the reporting period for which the Group had not made any allowance as there had not been a significant change in credit quality and these amounts were still considered recoverable. There had also not been a significant change in credit quality of the balances that were not past due. The Group did not hold any collateral over these balances.

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8 TRADE RECEIVABLES (CONTINUED)

Previous accounting policy for impairment of trade receivables (Continued)

	Group	
	December 31, 2017	January 1, 2017
	S$'000	S$'000
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

Movements in allowances for doubtful trade receivables were as follows:

	Group 2017
	S$'000
Balance at beginning of year	808
Translation adjustment	(56)
Increase in allowance recognised in profit or loss	205
Amounts written-off	(188)
Balance at end of year	769

Management believed that trade receivables that were neither past due nor impaired were with creditworthy counterparties.

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9 OTHER RECEIVABLES AND PREPAYMENTS

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Other receivables						
Advances to suppliers	**1,085**	1,233	2,545	**–**	–	–
Loss allowance for other receivables	**(194)**	(300)	(386)	**–**	–	–
Total advances to suppliers, net of allowances	**891**	933	2,159	**–**	–	–
Deposits	**806**	1,962	598	**7**	16	16
VAT/Tax recoverable	**927**	1,047	335	**2**	9	9
Prepayments	**734**	411	364	**62**	39	40
Interest receivable	**62**	742	2,198	**–**	–	–
Dividend receivable	**3,337**	3,696	2,677	**–**	–	–
Related parties (Note 6)	**–**	–	60	**–**	–	–
Others	**2,561**	634	2,390	**–**	–	–
Total	**9,318**	9,425	10,781	**71**	64	65
Less: Non-current other receivables and prepayments	**(1,695)**	(1,462)	–	**–**	–	–
Classified as current other receivables and prepayments	**7,623**	7,963	10,781	**71**	64	65

Included in other receivables are advances to suppliers with a carrying amount of S$194,000 (2017: S$300,000, January 1, 2017: S$386,000). Full provision was made on these advances to suppliers from whom recovery is not expected, and are individually determined to be impaired at the reporting date.

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

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

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DECEMBER 31, 2018

9 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movements in loss allowances for other receivables were as follows:

	Group	
	2018	2017
	S$'000	S$'000
Balance at beginning of year	**300**	386
Translation adjustment	**7**	(21)
Charge for the year	**13**	10
Amounts written-off	**(126)**	(75)
Balance at end of year	**194**	300

10 INVENTORIES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Finished goods and goods for resale	**24,180**	24,058	18,884

The cost of inventories recognised as an expense includes a charge of S$2,592,000 (2017: S$522,000) in respect of allowance for adjustment in carrying value of inventories to net realisable value.

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11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements, furniture and fixtures and office equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Cost:					
At January 1, 2017	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
Translation adjustments	59	8	(73)	(27)	(33)
Additions	–	–	638	421	1,059
Acquired on acquisition of a subsidiary corporation	–	790	–	–	790
Disposals	–	–	(234)	(52)	(286)
At December 31, 2018	1,286	1,262	3,833	1,233	7,614
Accumulated depreciation:					
At January 1, 2017	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
Translation adjustments	7	3	(65)	(24)	(79)
Depreciation	14	11	210	59	294
Disposals	–	–	(217)	(50)	(267)
At December 31, 2018	162	169	2,500	780	3,611
Impairment:					
At January 1, 2017	–	188	357	–	545
Translation adjustments	–	(15)	(5)	–	(20)
At December 31, 2017	–	173	352	–	525
Translation adjustments	–	3	(13)	–	(10)
Disposals	–	–	(4)	–	(4)
At December 31, 2018	–	176	335	–	511
Carrying amount:					
At December 31, 2018	1,124	917	998	453	3,492
At December 31, 2017	1,086	136	578	96	1,896
At January 1, 2017	1,153	154	407	93	1,807

Notes to Financial Statements

DECEMBER 31, 2018

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land and buildings includes the cost of freehold land of JPY67.1 million (S$834,000) (December 31, 2017: JPY67.1 million (S$796,000), January 1, 2017: JPY67.1 million (S$835,000)), which is not subject to depreciation.

	Leasehold improvements, furniture and fixtures and office equipment
	S$'000
Company	
Cost:	
At January 1, 2017	133
Additions	2
At December 31, 2017	135
Additions	15
Disposals	(2)
At December 31, 2018	148
Accumulated depreciation:	
At January 1, 2017	117
Depreciation	8
At December 31, 2017	125
Depreciation	6
Disposals	(2)
At December 31, 2018	129
Carrying amount:	
At December 31, 2018	19
At December 31, 2017	10
At January 1, 2017	16

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12 INVESTMENT PROPERTIES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Freehold land and buildings:			
– Australia	**33,828**	45,105	52,161
Leasehold land and buildings:			
– Singapore	**29,697**	–	–
– People's Republic of China ("PRC")	**2,964**	2,428	2,455
	66,489	47,533	54,616

Movements in investment properties were as follows:

	Group	
	2018	2017
	S$'000	S$'000
Balance at beginning of year	**47,533**	54,616
Acquired on acquisition of a subsidiary corporation	**29,210**	–
Valuation losses for the year recognised in profit or loss, net	**(7,072)**	(6,883)
Translation adjustment	**(3,182)**	(200)
Balance at end of year	**66,489**	47,533

During the year, the Group recognised valuation losses on investment properties amounting to S$7,072,000 (2017: S$6,883,000) 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$8,875,000 (2017: S$8,938,000). Direct operating expenses (including repairs and maintenance) arising from the properties that generated rental income during the year amounted to S$587,000 (2017: S$478,000).

As at December 31, 2018, the Group has pledged investment properties having a carrying amount of approximately S$63,525,000 (December 31, 2017: S$45,105,000, January 1, 2017: S$52,161,000) to secure banking facilities granted to the Group.

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12 INVESTMENT PROPERTIES (CONTINUED)

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	27 years till January 23, 2045
Villas in City in City, Zhongshan City, Guangdong, PRC	Residential	Leasehold	49 years till January 5, 2067
20 Upper Circular Road #03-06, The Riverwalk, Singapore	Office	Leasehold	61 years till December 14, 2079
Residential units in the city of Gladstone, Queensland, Australia	Residential	Freehold	N.A

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

The fair values of the Group's investment properties in the PRC and Singapore at December 31, 2018 and 2017 and January 1, 2017 have been determined on the basis of valuations carried out by independent firms of professional valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique from prior year.

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 (CONTINUED)

Fair value measurement of the Group's investment properties in the PRC and Singapore (Continued)

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

Description	Fair value as at December 31, 2018	Fair value as at December 31, 2017	Fair value as at January 1, 2017	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000	S$'000			
Office properties	**31,155**	1,503	1,518	Direct comparison approach	Price per square meter(1)	S$4,080 – S$17,281 (December 31, 2017: S$4,171 – S$4,210; January 1, 2017: S$4,213 – S$4,251)
Residential properties	**1,506**	925	937	Direct comparison approach	Price per square meter(1)	S$1,706 – S$1,707 (December 31, 2017: S$1,047 – S$1,051; January 1, 2017: 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, 2018, December 31, 2017 and January 1, 2017 have been determined by management based on discounted cash flows (2017: contractual cash flows supplemented by valuation by an independent firm of professional valuer 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.

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

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12 INVESTMENT PROPERTIES (CONTINUED)

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

Description	Fair value as at December 31, 2018	Fair value as at December 31, 2017	Fair value as at January 1, 2017	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000	S$'000			
Residential properties	**33,828**	45,105	52,161	Discounted cash flows	Selling prices per unit(1)	S$285,347 – S$343,891 (December 31, 2017: S$408,516 – S$489,378; January 1, 2017: S$474,437 – S$550,392)
					Discount rates(2)	10% – 11.25% (December 31, 2017: 7%; January 1, 2017: 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 December 31, 2017	Group January 1, 2017
	S$'000	S$'000
Properties	–	3,521
Investment properties	–	36,619
	–	40,140

Movements in properties were as follows:

	Group 2017
	S$'000
Balance at beginning of year	3,521
Disposals	(2,740)
Translation adjustment	(781)
Balance at end of year	–

13 ASSETS HELD FOR SALE (CONTINUED)

Movements in investment properties were as follows:

	Group 2017
	S$'000
Balance at beginning of year	36,619
Disposals	(32,919)
Translation adjustment	(3,700)
Balance at end of year	–

The properties were disposed of in the prior year with a net gain of S$33,858,000 recorded in profit or loss.

As at January 1, 2017, the Group had pledged the above assets and the rental proceeds generated from the above to secure banking facilities granted to the Group.

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 January 1, 2017 had been determined on the basis of valuations carried out at year end by 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 January 1, 2017	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000			
Warehouse Properties[1]	36,619	Direct comparison approach	Price per square meter per unit[(1)]	S$5,303 – S$5,524

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

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14 SUBSIDIARY CORPORATIONS

	Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000 (restated)	S$'000 (restated)
Unquoted equity shares, at cost	**296,263**	275,522	273,522
Amounts owing to subsidiary corporations (non-trade)	**(70,007)**	(57,363)	(62,594)
Cost of investment held by the Company	**226,256**	218,159	210,928
Amounts owing by subsidiary corporations (non-trade)	**2,841**	1,770	1,851
Less: Impairment loss	**(113,117)**	(99,373)	(113,017)
	115,980	120,556	99,762
Amount owing to subsidiary corporations (non-trade)	**(6,950)**	(8,056)	(5,752)

Management has assessed that intercompany amounts owing by the Company to its wholly-owned subsidiary, Thakral Corporation (HK) Limited ("TCHK") of S$70,007,000 as at December 31, 2018 arising primarily from a prior year Group restructuring exercise involving the Company and TCHK are not expected to be repaid in the foreseeable future and therefore treated as deemed capital reduction and offset against the cost of investment in TCHK.

Intercompany amounts owing to TCHK of S$57,363,000 as at December 31, 2017 and S$62,594,000 as at January 1, 2017 have been reclassified to offset against the cost of investment in TCHK to enable comparability with the current year's financial statements.

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

	Company	
	2018	2017
	S$'000	S$'000
Balance at beginning of year	**99,373**	113,017
Impairment loss (Reversal of) for investment in subsidiary corporations	**13,744**	(13,644)
Balance at end of year	**113,117**	99,373

14 SUBSIDIARY CORPORATIONS (CONTINUED)

Management has made an additional impairment loss of S$13,744,000 (2017: reversal of impairment loss of S$13,644,000) for certain subsidiary corporations based on an assessment of their recoverable values, which is fair value less costs to sell. The net impairment in 2018 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. 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.

Amounts owing by subsidiary corporations (non-trade) include a loan of S$1,567,000 (2017: S$1,495,000) which bears interest at 2.25% (2017: 2.25%) per annum and is denominated in Japanese Yen. The remaining amounts are interest-free and mainly denominated in Japanese Yen.

Amounts owing to subsidiary corporations (non-trade) include a loan of S$1,567,000 (2017: S$1,495,000) which bears interest at 2% (2017: 2%) per annum and is denominated in Japanese Yen. The remaining amounts are interest-free and mainly denominated in Hong Kong dollars.

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

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

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company			Effective equity interest held by the Group			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	
		S$'000	S$'000	S$'000	%	%	%	
Thakral Corporation (HK) Limited[(3)]	Hong Kong	**159,631**	172,275	167,044	**100**	100	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Brothers Ltd[(2)]	Japan	**7,543**	7,543	7,543	**100**	100	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Lifestyle Pte Ltd	Singapore	**7,716**	7,716	5,716	**100**	100	100	Marketing and distributing beauty, wellness and lifestyle products
Thakral Capital Holdings Pte Ltd	Singapore	**30,612**	30,612	30,612	**75**	75	75	Investment holding
Thakral Realty (S) Pte Ltd	Singapore	**9,000**	–	–	**100**	–	–	Investment holding
TJP Pte Ltd	Singapore	**11,741**	–	–	**53**	–	–	Investment holding
Thakral China Ltd[(4)]	People's Republic of China	*	*	*	**100**	100	100	Investment holding and marketing and distributing beauty, wellness and lifestyle products

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

Name of subsidiary corporation	Country of incorporation and operation	Cost of investment held by the Company December 31, 2018	December 31, 2017	January 1, 2017	Effective equity interest held by the Group December 31, 2018	December 31, 2017	January 1, 2017	Principal activities
		S$'000	S$'000	S$'000	%	%	%	
Thakral Beauty (Shanghai) Ltd (formerly known as Thakral Electronics (Shanghai) Ltd)[1]	People's Republic of China	*	*	*	**100**	100	100	Marketing and distributing beauty, wellness and lifestyle products
TCAP Pte Ltd	Singapore	*	*	*	**75**	75	75	Investment holding
Thakral Capital Investments Ltd[3]	Hong Kong	*	*	*	**75**	75	75	Investment holding
Thakral Capital Australia Pty Ltd[5]	Australia	*	*	*	**75**	75	75	Origination, execution, and management of investment opportunities
SJ Property Investments Pte Ltd	Singapore	*	–	–	**53**	–	–	Investment holding
LNG Trust[1]	Australia	*	*	*	**75**	75	75	Property development
LNG Trust No. 2[1]	Australia	*	*	*	**75**	75	75	Property development
Thakral Japan Properties Pte Ltd[a]	Singapore	*	*	*	**50.6**	49.9	49.9	Investment holding
TCAP Partners Pty Ltd[5]	Australia	*	*	*	**75**	75	75	Investment holding

* Held by subsidiary corporations

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

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

(1) Audited by 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) In 2017, the Group had 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 gave the Group the same percentage of the voting rights in TJP. The remaining 50.1% of the ordinary shares of TJP were owned by 3 shareholders, none individually holding more than 20%. During the year, the Group increased its ownership to 50.6%.

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 SFRS(I) 10. 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 SFRS(I) 10, TJP has been assessed to be a subsidiary corporation of the Group.

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		
		December 31, 2018	December 31, 2017	January 1, 2017
Investments	Hong Kong	**1**	3	3
	Singapore	**1**	–	–
Marketing and distributing beauty, wellness and lifestyle products	Singapore	**1**	1	1
	China	**6**	6	7
	Hong Kong	**4**	4	4
	British Virgin Islands	**1**	1	1
	Japan	**1**	1	1
	Mauritius	**1**	1	1
	India	**1**	1	1
Others	Hong Kong	**4**	2	2
		21	20	21

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiary corporations		
		December 31, 2018	December 31, 2017	January 1, 2017
Investments	Singapore	**5**	3	3
	Australia	**14**	14	14
	Hong Kong	**4**	4	4
		23	21	21

14 SUBSIDIARY CORPORATIONS (CONTINUED)

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

Name of subsidiary corporation	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests		
		December 31, 2018	December 31, 2017	January 1, 2017	2018	2017	December 31,2018	December 31, 2017	January 1, 2017
		%	%	%	S$'000	S$'000	S$'000	S$'000	S$'000
Thakral Japan Properties Pte Ltd	Singapore	**49.4**	50.1	50.1	**3,845**	(1,362)	**19,487**	14,951	10,191
Thakral Capital Holdings Pte Ltd and its subsidiary corporations	Singapore	**25**	25	25	**3,158**	3,320	**17,606**	15,846	13,751
TJP Pte Ltd and its subsidiary corporation	Singapore	**47**	-	-	**3,939**	-	**12,518**	-	-
Total					**10,942**	1,958	**49,611**	30,797	23,942

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14 SUBSIDIARY CORPORATIONS (CONTINUED)

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

	Thakral Japan Properties Pte Ltd			Thakral Capital Holdings Pte Ltd and its subsidiary corporations			TJP Pte Ltd and its subsidiary corporation		
	December 31, 2018	December 31, 2017	January 1, 2017	**December 31, 2018**	December 31, 2017	January 1, 2017	**December 31, 2018**	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000	**S$'000**	S$'000	S$'000
Current assets	**2,453**	9,365	2,710	**23,560**	51,132	33,547	**1,505**	–	–
Non-current assets	**44,742**	34,447	19,435	**92,685**	78,203	78,154	**28,747**	–	–
Current liabilities	**(2,150)**	(9,683)	(828)	**(14,083)**	(40,916)	(29,934)	**(67)**	–	–
Non-current liabilities	**(5,610)**	(4,292)	(978)	**(31,740)**	(25,035)	(26,766)	**(1,265)**	–	–
Equity attributable to owners of the Company	**19,948**	14,886	10,148	**52,816**	47,538	41,250	**16,402**	–	–
Non-controlling interests	**19,487**	14,951	10,191	**17,606**	15,846	13,751	**12,518**	–	–

14 SUBSIDIARY CORPORATIONS (CONTINUED)

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TJP Pte Ltd and its subsidiary corporation	
	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**6,252**	1,188	**34,494**	35,732	**(13)**	–
Net other income (expenses)	**1,421**	(3,906)	**(21,860)**	(22,453)	**8,404**	–
Profit (Loss) for the year	**7,673**	(2,718)	**12,634**	13,279	**8,391**	–
Profit (Loss) attributable to owners of the Company	**3,828**	(1,356)	**9,476**	9,959	**4,452**	–
Profit (Loss) attributable to the non-controlling interests	**3,845**	(1,362)	**3,158**	3,320	**3,939**	–
Profit (Loss) for the year	**7,673**	(2,718)	**12,634**	13,279	**8,391**	–
Other comprehensive income (loss) attributable to owners of the Company	**960**	6,095	**(4,195)**	(149)	**209**	–
Other comprehensive income (loss) attributable to the non-controlling interests	**965**	6,121	**(1,398)**	(50)	**184**	–
Other comprehensive income (loss) for the year	**1,925**	12,216	**(5,593)**	(199)	**393**	–

14 SUBSIDIARY CORPORATIONS (CONTINUED)

	Thakral Japan Properties Pte Ltd		Thakral Capital Holdings Pte Ltd and its subsidiary corporations		TJP Pte Ltd and its subsidiary corporation	
	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Total comprehensive income attributable to owners of the Company	**4,788**	4,739	**5,281**	9,810	**4,661**	–
Total comprehensive income attributable to the non-controlling interests	**4,810**	4,759	**1,760**	3,270	**4,123**	–
Total comprehensive income for the year	**9,598**	9,498	**7,041**	13,080	**8,784**	–
Dividends to non-controlling interests	**–**	–	**–**	(1,175)	**–**	–
Net cash (outflow) inflow from operating activities	**(2,474)**	419	**(2,036)**	(551)	**(1,798)**	–
Net cash (outflow) inflow from investing activities	**(3,397)**	–	**21,698**	(4,303)	**(18,500)**	–
Net cash inflow (outflow) from financing activities	**–**	5,218	**(17,109)**	4,959	**20,371**	–
Net cash (outflow) inflow	**(5,871)**	5,637	**2,553**	105	**73**	–

Financial support

At the end of the reporting period, the Company has agreed to provide financial support to certain subsidiary corporations that are in net liability (December 31, 2017 and January 1, 2017: net current liability) position of S$5.1 million (December 31, 2017: S$10.9 million, January 1, 2017: S$16.8 million).

15 JOINT VENTURES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Cost of investment in joint ventures	**1,031**	513	513
Share of post-acquisition profit (loss)	**3,342**	(516)	(400)
Translation adjustment	**(191)**	3	2
	4,182	–	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 developers in the resort style retirement homes sector. As at December 31, 2018 five resorts with more than 1,200 homes to be built throughout the east coast of Australia have been committed, of which four resorts have commenced construction. The carrying value of the Group's equity interest in these joint venture entities as at December 31, 2018 is S$4,182,000 (2017: Nil).

Name of joint venture	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
GTH group of entities	Australia	49.9%	49.9%	Property development

Audited by Thomas, Nobel & Russel, Australia

The joint ventures are accounted for using the equity method in these consolidated financial statements.

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15 JOINT VENTURES (CONTINUED)

GTH Group of joint ventures

	Group December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Current assets	**65,371**	33,066	5,119
Non-current assets	**73,066**	46,790	22,339
Current liabilities	**(19,680)**	(16,004)	(786)
Non-current liabilities	**(110,376)**	(65,206)	(26,438)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	**(477)**	2,556	2,998
Current financial liabilities (excluding trade and other payable)	**(572)**	(28)	(14)
Non-current financial liabilities (excluding trade and other payable)	**(108,423)**	(54,319)	(26,140)

	2018	2017
	S$'000	S$'000
Revenue	**51,362**	8,512
Profit (loss) for the year	**9,033**	(1,612)
Other comprehensive income for the year	**–**	–
Total comprehensive income (loss) for the year	**9,033**	(1,612)

The above profit (loss) for the year include the following:

	2018	2017
	S$'000	S$'000
Depreciation	**(563)**	(122)
Interest income	**7**	2
Interest expense	**(5,289)**	(173)
Income tax credit	**1,928**	302

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15 JOINT VENTURES (CONTINUED)

GTH Group of joint ventures (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in these consolidated financial statements:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Net assets (liabilities) of the joint ventures	**8,381**	(1,354)	234
Proportion of the Group's ownership interest in joint ventures	**49.9%**	49.9%	49.9%
Carrying amount of the Group's interest in the joint ventures	**4,182**	–	115

16 ASSOCIATE

	Group December 31, 2018
	S$'000
Cost of investment in associate	**18,144**
Share of profit	**9,704**
Translation adjustment	**525**
	28,373

Details of material associate

Details of the Group's significant associate at December 31, 2018 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
TMK Japan TCAP	Japan	99.5%	33%	Investment holding

Audited by Grant Thornton Taiyo LLC

The associate is accounted for using the equity method in these consolidated financial statements.

TMK Japan TCAP was acquired in August 2018, the Group has significant influence over TMK Japan TCAP by virtue of its voting power in the entity.

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16 ASSOCIATE (CONTINUED)

TMK Japan TCAP

	Group December 31, 2018
	S$'000
Current assets	6,292
Non-current assets	70,778
Current liabilities	(689)
Non-current liabilities	(47,865)

	2018
	S$'000
Revenue	1,030
Profit for the year	9,753
Total comprehensive income for the year	9,753

Reconciliation of the above summarized financial information to the carrying amount of the interest in TMK recognised in these consolidated financial statements:

	Group December 31, 2018
	S$'000
Net assets of the associate	28,516
Proportion of the Group's ownership interest	99.5%
Carrying amount of the Group's interest	28,373

17 DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT/LOANS RECEIVABLE

	Group December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Debt instruments:			
Non-current, at fair value	53,349	–	–
Current, at fair value	18,540	–	–
Loans receivable:			
Non-current, at amortised cost	–	31,619	25,870
Current, at amortised cost	–	48,198	28,382
	71,889	79,817	54,252

17 DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT/LOANS RECEIVABLE (CONTINUED)

The debt instruments (previously classified as 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 debt instruments are extended to third parties and the joint venture entities for development projects in Australia.

Included in above is an amount of S$34,797,000 (December 31, 2017: S$17,202,000, January 1, 2017: S$6,252,000) advanced to the joint venture entities.

Changes in the fair value of debt instruments measured at FVTIS, amounting to S$21,566,000 have been included in profit or loss as part of "revenue".

Description	Fair value as at December 31, 2018	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Average rate
	S$'000				
Unquoted debt instruments at FVTIS	**71,889**	Level 3	Discounted cash flows	Discount rates	16%

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

Previous accounting policy for impairment of loans receivables

There were no past due receivables as at the end of the 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.

In 2017, the effective interest rate comprises of internal rate of return of 38% and 16% per annum respectively on the principal amount for current and non-current loans receivables and variable interest determinable at completion of the project less relevant 10% withholding tax.

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18 DERIVATIVE FINANCIAL INSTRUMENT

The Group uses foreign exchange options to manage its exposure to foreign exchange rates on the capital invested in its financial asset (Note 19).

The 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 December 31, 2018	Fair value December 31, 2017	Fair value January 1, 2017
		US$'000	JPY'000	S$'000	S$'000	S$'000
USD call JPY put	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, 2018	Fair value as at December 31, 2017	Fair value as at January 1, 2017	Fair value hierarchy	Valuation technique	Significant unobservable input (s)
	S$'000	S$'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

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT/AVAILABLE-FOR-SALE INVESTMENTS

	Group December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Financial assets measured at FVTIS			
At fair value:			
Unquoted investments	**44,743**	–	–
Club debenture	**1**	–	–
Total	**44,744**	–	–
Available-for-sale investments			
At fair value:			
Unquoted investment	**–**	34,241	18,680
Club debenture	**–**	1	1
Total	**–**	34,242	18,681

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19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT/AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

Description	Fair value as at December 31, 2018	Fair value as at December 31, 2017	Fair value as at January 1, 2017	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range
	S$'000	S$'000	S$'000				
Unquoted investments	**44,743**	34,241	18,680	Level 3	See Note (a) below	See Note (a) below	S$5,022 – S$8,144 (December 31, 2017: S$4,746 – S$7,542; January 1, 2017: S$3,974 – S$4,884)

Note (a)

The fair value of the unquoted investments is estimated based on the Group's share of the net asset value of the investees, which approximates their fair values as at the end of the reporting period. The investees' main assets are three office buildings, two hotel buildings and one retail property (under construction) in Japan which are leased out to external parties. The significant input used in valuing the underlying properties is price per square meter, which is based on recent transactions adjusted for property type, age and location. Any significant isolated increases (decreases) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

For the retail property (under construction) acquired during the year, it is carried at cost which is considered by management to approximate fair value as at December 31, 2018.

20 TRADE AND BILLS PAYABLES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Trade payables – outside parties	**2,827**	3,686	2,586
Bills payable	**1,041**	–	–
Due to related parties (Note 6)	**131**	74	47
	3,999	3,760	2,633

The average credit period on purchases of goods is 13 days (2017: 11 days).

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

Bills payable represent the amounts payable to a supplier against documents sent through bank.

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21 TRUST RECEIPTS

Trust receipts represent short term financing provided by banks at market interest rates for the purchase of goods.

The trust receipts are secured by certain fixed deposits placed with the banks as well as corporate guarantees by the Company.

The average effective interest rates paid are as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	%	%	%
Trust receipts	**5.07**	4.18	3.22

22 BANK AND OTHER BORROWINGS

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Loans from financial institutions	**2,711**	16,844	5,324
Other loans	**7,312**	7,270	7,854
Bank loans	**34,329**	22,723	55,491
	44,352	46,837	68,669
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(24,933)**	(31,691)	(44,664)
Amount due for settlement after 12 months	**19,419**	15,146	24,005

	Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000	S$'000
Other loan	**4,342**	–	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(4,342)**	–	–
Amount due for settlement after 12 months	**–**	–	–

22 BANK AND OTHER BORROWINGS (CONTINUED)

Loan from financial institutions

The loan from a financial institution of S$2,711,000 (December 31, 2017: S$6,095,000; January 1, 2017: S$5,324,000) is arranged at fixed interest rate of 14.06% (December 31, 2017: 14.06%; January 1, 2017: 14.06%) per annum. This loan was advanced on March 20, 2013 and is due for repayment in September, 2020 (December 31, 2017: September, 2019; January 1, 2017: September 2018) upon maturity. The loan amount is unsecured.

As at December 31, 2017, the loan from another financial institution of S$10,749,000 was arranged at fixed interest rate of 16.5% per annum to provide funding for the investments in Australia. The loan amount was secured by a charge against the specific corresponding debt instruments issued by a developer. The loan was fully repaid during 2018.

Other loans

Other loans from certain private investors of S$2,970,000 (December 31, 2017: S$7,270,000; January 1, 2017: S$7,854,000) are arranged at fixed interest rate of 9% (December 31, 2017: 11%; January 1, 2017: 15%) per annum for the current portion and 9% to 10% (December 31, 2017: 9% to 16%; January 1, 2017: 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$2,970,000 (December 31, 2017: S$2,909,000; January 1, 2017: Nil) due to related parties (Note 6) for co-investment in investments in Australia.

A loan from another related party, advanced to the Company during the year of S$4,342,000 is arranged at fixed interest rate of 7% per annum to provide temporary funding for the investments by the Group. The loan is unsecured with a major part repaid subsequent to the end of the reporting period.

Bank loans (secured)

Bank loans include loans drawn from a bank in Australia amounting to S$12,655,000 (December 31, 2017: S$15,835,000; January 1, 2017: 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 2021 (December 31, 2017: December 2019; January 1, 2017: December 2019).

A loan of S$799,000, with certain trade receivable factored on a full recourse basis, is obtained from a bank during the year. The loan is secured by a fixed deposit placed with the bank as well as corporate guarantee by the Company.

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22 BANK AND OTHER BORROWINGS (CONTINUED)

Bank loans (secured) (Continued)

Certain bank loans amounting to S$20,875,000 (December 31, 2017 and January 1, 2017: Nil) are secured by the property in Singapore as well as corporate guarantee by the Company. Included in these loans is a 5-year term loan of S$5,875,000 (December 31, 2017 and January 1, 2017: Nil), which is required to be repaid by monthly instalments and a final payment in 2023. Included in the bank loans is a money market loan of S$15,000,000 (December 31, 2017 and January 1, 2017: Nil), which is repayable in full every quarter by cash or re-drawing the loan.

Certain bank loans of S$5,038,000 (January 1, 2017: S$26,132,000) as at December 31, 2017, secured by certain fixed deposits placed with the banks (January 1, 2017: fixed deposits with the banks and certain properties in Hong Kong as well as corporate guarantee by the Company) were fully repaid during the year.

The average effective interest rates paid on bank and other borrowings are as follows:

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	%	**%**	**%**
Loans from financial institutions	**14.06**	15.62	14.06
Other loans	**8.65**	11.99	15.95
Bank loans	**3.76**	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.

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22 BANK AND OTHER BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	January 1, 2018	Financing cash flow	Interest paid	Foreign exchange movement	Accrued interest	Acquisition of subsidiary	December 31, 2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trust receipts (Note 21)	**11,207**	**(391)**	**-**	**152**	**-**	**-**	**10,968**
Bank and other borrowings	**46,837**	**(19,923)**	**(3,675)**	**(2,295)**	**2,408**	**21,000**	**44,352**
	58,044	**(20,314)**	**(3,675)**	**(2,143)**	**2,408**	**21,000**	**55,320**

			Non-cash changes				
	January 1, 2017	Financing cash flow	Interest paid	Foreign exchange movement	Accrued interest	Acquisition of subsidiary	December 31, 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trust receipts (Note 21)	21,535	(8,881)	–	(1,447)	–	–	11,207
Bank and other borrowings	68,669	(21,297)	(2,027)	(1,440)	2,932	–	46,837
	90,204	(30,178)	(2,027)	(2,887)	2,932	–	58,044

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23 OTHER PAYABLES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	S$'000	S$'000 (restated)	S$'000 (restated)	S$'000	S$'000	S$'000
Accruals	**7,927**	8,408	6,424	**444**	381	409
Advances from customers	**6,506**	5,117	6,698	**–**	–	–
Value added tax (VAT)/ other tax payable	**547**	1,944	2,522	**–**	–	–
Dividend payable to non-controlling shareholders in a subsidiary corporation	**–**	475	481	**–**	475	240
Sundry creditors	**1,809**	2,364	2,063	**–**	–	–
	16,789	18,308	18,188	**444**	856	649

Included in sundry creditors is an amount of S$315,000 (2017: S$12,000) due to related parties (Note 6) for rental deposits and the reimbursement of expenses paid on behalf of the Group.

24 PROVISIONS

	Employee long service payment
	S$'000
Group	
As at January 1, 2017	2,969
Translation adjustment	(149)
Provision for the year	212
Utilisation	(528)
As at December 31, 2017	2,504
Translation adjustment	(28)
Provision for the year	330
Utilisation	(100)
As at December 31, 2018	**2,706**
Company	
As at December 31, 2018, at December 31, 2017 and at January 1, 2017	**52**

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

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25 DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities recognised by the Group and the movements thereon during the current and prior reporting periods, primarily from fair value gain on available-for-sale investments and revaluation gains on investment properties:

	Group		
	2018	2017	2016
	S$'000	S$'000 (restated)	S$'000 (restated)
Balance as at beginning of year	**5,222**	1,894	1,786
Translation adjustment	**78**	(183)	48
Charge to other comprehensive income for the year	**–**	3,480	126
Charge to profit or loss for the year (Note 32)	**5,293**	31	(66)
Balance as at end of year	**10,593**	5,222	1,894

26 ISSUED CAPITAL

	Group and Company					
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	Number of ordinary shares			S$'000	S$'000	S$'000
Issued and fully paid:						
– At end of year and beginning of year	**130,860,616**	130,860,616	130,860,616	**72,579**	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.

27 RESERVES

The capital reserve arose upon the reorganisation of shareholdings in the subsidiary corporations under common control.

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

The investment revaluation reserve arose on the revaluation of available-for-sale investments to its fair value. This reserve was transferred to retained earnings on adoption of SFRS(I) 9.

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27 RESERVES (CONTINUED)

The options reserve arises on the grant of share options to employees under the employee share option scheme. Further information about share-based payments to employees is set out in Note 28.

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

28 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company had a share option scheme for all employees of the Group which expired on March 30, 2011. All the remaining share options expired in the prior year.

No options were exercised in 2017.

Thakral Capital Holdings Pte Ltd ("TCH"), a subsidiary corporation of the Company, also has a share option scheme for all TCH Group employees and directors which had been approved at an Extraordinary General Meeting on April 29, 2015 (the "TCH Scheme"). Options are exercisable at prices specified at the time of the grant. If options granted remain unexercised after a period of 5 years (depending on the term specified in the options) from the relevant vesting date, the options expire. Except for certain specified circumstances, options are forfeited if the employee leaves the TCH Group.

	Group 2018	
	Number of share options	Weighted average exercise price
		S$
Outstanding at beginning of year	–	–
Granted during the year	78,300	116
Outstanding at end of year	78,300	116

The Group recognised total expenses of S$3,000 (2017: Nil) related to equity-settled share-based payment transactions during the year.

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29 REVENUE

	Group	
	2018	**2017**
	S$'000	**S$'000**
Product sales	**115,693**	115,539
Fair value gain on debt instruments	**21,566**	–
Interest receivable on loans receivable	**–**	21,267
Dividend income from financial assets measured at FVTIS	**934**	–
Dividend income from unquoted investment	**–**	1,188
Management fee and other service income	**4,751**	6,298
Rental income (Notes 12 and 38)	**8,875**	8,938
Fair value gain on financial assets measured at FVTIS	**5,305**	–
	157,124	153,230

All streams of revenue are recognised at a point in time, except rental income which is recognised on a straight line basis over the lease term.

30 OTHER OPERATING INCOME

	Group	
	2018	2017
	S$'000	S$'000
Government subsidies	**304**	18
Others	**56**	301
	360	319

31 FINANCE COSTS

	Group	
	2018	2017
	S$'000	S$'000
Interest expense to third parties	**3,806**	5,374
Interest expense to related parties (Note 6)	**429**	58
	4,235	5,432

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32 INCOME TAX

	Group 2018 S$'000	Group 2017 S$'000 (restated)
Current taxation:		
– Provision for taxation in respect of current year	**1,261**	3,064
– Overprovision in prior years	**(51)**	(44)
Deferred tax:		
– Amount charged for taxation in respect of deferred tax liabilities in current year (Note 25)	**5,293**	31
Income tax expense for the year	**6,503**	3,051

The income tax is calculated at 17% (2017: 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 2018 S$'000	Group 2017 S$'000 (restated)
Profit before income tax	**26,742**	42,757
Income tax charge at statutory rate of 17%	**4,546**	7,269
Tax effect of:		
– Expenses that are not deductible in determining taxable profit	**3,937**	2,925
– Income that is not taxable in determining taxable profit	**(4,694)**	(8,640)
– Current year's tax losses not recognised	**2,424**	1,944
– Different tax rates of the subsidiary corporations operating in other jurisdictions	**882**	99
– Tax effect on utilisation of deferred tax benefits previously not recognised	**(541)**	(502)
– Overprovision of tax in respect of prior years	**(51)**	(44)
Total income tax expense for the year	**6,503**	3,051

Notes to Financial Statements

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32 INCOME TAX (CONTINUED)

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

	Group 2018	Group 2017
	S$'000	S$'000
Amount at beginning of year	**252,682**	249,045
Tax losses expired during the year	**(5,076)**	(2,767)
Amount in current year	**14,261**	11,437
Translation adjustment	**(5,988)**	(2,227)
Adjustment for prior years after finalisation	**(5,803)**	144
Amount utilised in current year	**(3,182)**	(2,950)
Amount at end of year	**246,894**	252,682
Deferred tax benefit on above not recorded (based on applicable tax rates in various jurisdictions)	**43,881**	44,912

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

	Group 2018	Group 2017
	S$'000	S$'000
Amount at beginning of year	**201**	1,159
Amount in current year	**151**	(940)
Amount utilised in current year	**(123)**	(18)
Amount at end of year	**229**	201
Deferred tax benefit on above not recorded	**39**	34

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 (2017: S$0.51 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the timing differences and it is probable that such differences will not reverse in the foreseeable future.

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33 PROFIT FOR THE YEAR

	Group	
	2018	2017
	S$'000	S$'000
Profit for the year is arrived at after charging (crediting):		
Directors' remuneration:		
of the Company	**1,697**	4,426
of subsidiary corporations	**3,973**	4,527
Total directors' remuneration	**5,670**	8,953
Cost of inventories recognised as expense	**104,093**	102,634
Audit fees:		
Paid to auditors of the Company		
Current year	**305**	239
Overprovision in prior year	**-**	(29)
Paid to other auditors		
Current year	**323**	286
Non-audit fees paid to auditors:		
Auditors of the Company	**46**	46
Other auditors	**10**	5
Loss on disposal of property, plant and equipment	**13**	5
Allowance for inventories recognised in cost of sales	**2,592**	522
Unrealised loss on derivative financial instrument	**212**	532
Foreign currency exchange adjustment loss	**1,109**	741
Impairment loss on financial assets:		
Impairment loss on trade receivables	**115**	205
Impairment loss on other receivables	**13**	10
Total impairment loss on financial assets recognised in administration expenses	**128**	215
Depreciation of property, plant and equipment	**294**	246
Employee benefits expense (including directors' remuneration):		
Salaries, wages, bonus and others	**15,435**	16,951
Defined contribution plans	**944**	929
Total employee benefits expense	**16,379**	17,880

34 DIVIDENDS

A tax-exempt (one-tier) interim dividend of S$0.02 per share (total dividend of S$2,617,000) and another tax-exempt (one-tier) second interim dividend of S$0.02 per share (total dividend of S$2,617,000) were paid to shareholders on May 23, 2018 and November 30, 2018 respectively in respect of the financial year ended December 31, 2018.

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.

35 BASIC AND DILUTED EARNINGS PER SHARE (CENTS)

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

	2018	**2017**
	Cents	**Cents**
Basic earnings per share	**7.10**	28.85
Diluted earnings per share	**7.10**	28.85
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:

	2018	2017
	S$'000	S$'000
Profit for the year attributable to equity holders of the Company	**9,297**	37,748

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36 SEGMENT INFORMATION

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

(a) Investments ("INV")

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

(b) Lifestyle ("LIFE")

This division comprises marketing and distributing beauty, wellness and lifestyle products in India, Japan, People's Republic of China (including Hong Kong), Singapore and in various export markets.

(c) Others ("OTH")

For those other activities which do not fall into the above categories.

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

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

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

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

36 SEGMENT INFORMATION (CONTINUED)

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

Group's reportable segments

Year ended December 31, 2018

	INV	LIFE	OTH	TOTAL
	S$'000	S$'000	S$'000	S$'000
Revenue				
External revenue	41,431	115,693	–	157,124
Result				
Segment operating result	33,989	(5,652)	(1,155)	27,182
Valuation losses on investment properties, net	(7,072)	–	–	(7,072)
Share of profit of associate and joint ventures	13,562	–	–	13,562
Segment result	40,479	(5,652)	(1,155)	33,672
Unallocated corporate expenses				(1,653)
Finance income				67
Finance costs				(4,235)
Foreign exchange loss				(1,109)
Profit before income tax				26,742
Income tax				(6,503)
Profit for the year				20,239
Other information				
Capital expenditure:				
Property, plant and equipment	790	1,044	15	1,849
Depreciation expense	24	264	6	294
Assets				
Segment assets	227,830	46,102	310	274,242
Total assets				274,242
Liabilities				
Segment liabilities	51,132	27,195	487	78,814
Income tax payable				3,082
Deferred tax liability				10,593
Total liabilities				92,489

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36 SEGMENT INFORMATION (CONTINUED)

Group's reportable segments (Continued)

Year ended December 31, 2017

	INV S$'000 (restated)	LIFE S$'000	OTH S$'000	TOTAL S$'000 (restated)
Revenue				
External revenue	37,691	115,539	–	153,230
Result				
Segment operating result	25,588	(1,255)	(1,309)	23,024
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	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				42,757
Income tax				(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	51,813	30,144	659	82,616
Income tax payable				4,621
Deferred tax liability				5,222
Total liabilities				92,459

Notes to Financial Statements

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36 SEGMENT INFORMATION (CONTINUED)

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*	
	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
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 the geographical segment above is the aggregate of the relevant figures from companies incorporated in those countries.

* Non-current assets other than financial assets, associate and joint ventures.

Information about major customers

Included in revenue of S$115,693,000 (2017: S$115,539,000) arising from the Lifestyle segment are revenue of approximately S$27,468,000 (2017: S$12,078,000) which arose from sales to 2 (2017: 1) of the Group's largest customers.

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37 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Guarantees given to banks in respect of bank facilities utilised by subsidiary corporations in the Group	–	–	**32,642**	11,207

At the end of the reporting period, the Group has granted certain Interest and/or Cost Overrun Guarantees for a maximum of S$2.4 million (2017: S$5.2 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's debt instruments for the development projects in Australia. There has been no call/demand from the banks on the guarantees to date.

At the end of the reporting period, the Group has granted certain Guarantees for a maximum of S$21.4 million (2017: S$15.8 million) to certain banks in respect of bank facilities utilised by the borrowers of the Group's debt instruments for the development projects in Australia. There has been no call/demand from the banks on the guarantees to date.

Commitments

As at December 31, 2018, the investment subsidiary corporation of the Group, Thakral Capital Investments Limited ("TCIL"), has entered into the following agreements to participate in the development of the projects in Australia in respect of which the full amount of capital committed for those projects have not been recorded as liabilities in the financial statements. The details of the projects are as follows:

(a) Projects owned by the joint venture entities where TCIL has committed to provide or procure the provision of about A$45.0 million (equivalent to S$43.3 million) (2017: A$35.0 million (equivalent to S$36.5 million)) by way of progressive subscriptions of debt instruments. Monies of A$31.1 million (equivalent to S$29.9 million) (2017: A$15.0 million (equivalent to S$15.7 million)) have been recorded as debt instruments in Note 17 for the amounts provided by the Group. As at December 31, 2018, the Group has procured the provision of approximately A$41.9 million (equivalent to S$40.3 million) (2017: A$26.0 million (equivalent to S$27.2 million)). Additional capital required shall be sourced from, inter alia, external capital providers by way of mezzanine debt.

(b) Projects where TCIL has committed to provide or procure the provision of about A$26.0 million (equivalent to S$25.0 million) (2017: A$18.5 million (equivalent to S$19.3 million)) by way of progressive subscriptions of debt instruments. Monies of A$11.2 million (equivalent to S$10.8 million) (2017: A$7.1 million (equivalent to S$7.4 million)) have been recorded as debt instruments in Note 17 for the amounts provided by the Group. As at December 31, 2018, the Group has procured the provision of approximately A$21.1 million (equivalent to S$20.2 million) (2017: 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.

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37 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Commitments (Continued)

As at December 31, 2018, Thakral Japan Properties Pte Ltd, an investment subsidiary corporation of the Group, committed to invest JPY120 million (S$1.5 million) (2017: JPY564.3 million (S$6.7 million)) in an investee for construction/renovation costs (2017: acquisition of an office building) in Osaka, Japan. The investment shall be funded from the Group's internal resources as well as shareholders of Thakral Japan Properties Pte Ltd.

As at December 31, 2018, TJP Pte Ltd, another investment subsidiary corporation of the Group, committed to provide a loan of JPY80 million (S$1 million) to the associate of the Group for the renovation of a property in Osaka, Japan. The investment shall be funded from the Group's internal resources as well as shareholders of TJP Pte Ltd.

As at December 31, 2017, the joint venture entities had committed to acquire one land parcel in Australia for a consideration of about A$15.0 million (equivalent to S$15.7 million). The acquisition of the land was completed during the year.

38 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	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Within 1 year	**1,527**	1,236	**–**	46
In the second to fifth years inclusive	**1,866**	647	**–**	–
	3,393	1,883	**–**	46

Operating lease expense during the year amounted to S$1,531,000 (2017: S$1,603,000).

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

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38 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessor

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

	Group	
	2018	2017
	S$'000	S$'000
Within 1 year	**7,402**	8,128
In the second to fifth years inclusive	**2,683**	13,659
	10,085	21,787

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$8,875,000 (2017: S$8,938,000) (Note 29).

39 RECLASSIFICATIONS AND COMPARATIVE FIGURES (OTHER THAN ARISING FROM FIRST-TIME ADOPTION)

Certain reclassifications have been made to the prior year's financial statements to enable comparability with the current year's financial statements and better reflect the nature.

As a result, certain line items have been 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 have been adjusted to conform to the current year's presentation.

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39 RECLASSIFICATIONS AND COMPARATIVE FIGURES (OTHER THAN ARISING FROM FIRST-TIME ADOPTION) (CONTINUED)

The items were reclassified as follows:

		As previously reported	Reclassifications	As restated
		S$'000	S$'000	S$'000
Group				
Statement of financial position as at 1 January 2017				
Other payables	(i)	(21,616)	3,428	(18,188)
Income tax payable	(i)	(721)	(2,677)	(3,398)
Deferred tax liability	(i)	(1,143)	(751)	(1,894)
Statement of financial position as at 31 December 2017				
Other payables	(i)	(23,097)	4,789	(18,308)
Income tax payable	(i)	(554)	(4,067)	(4,621)
Deferred tax liability	(i)	(4,500)	(722)	(5,222)
Company				
Statement of financial positions at 1 January 2017				
Subsidiary corporations	(ii)	162,356	(62,594)	99,762
Amount owing to subsidiary corporation	(ii)	(68,346)	62,594	(5,752)
Statement of financial position as at 31 December 2017				
Subsidiary corporations	(ii)	177,919	(57,363)	120,556
Amount owing to subsidiary corporation	(ii)	(65,419)	57,363	(8,056)

(i) Reclassification had been made for withholding taxes from other payable to income tax payable and deferred tax liability to better reflect the nature of the payable.

(ii) Reclassification had been made from amount owing to subsidiary corporations to investment in subsidiary corporation as disclosed in Note 14.

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40 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied 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 ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of 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 are made for specific transition adjustments if applicable.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time, and the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemptions:

- Management elected the option to reset the translation reserve to zero as at date of transition that resulted in material adjustments on transition to the new framework.

- The Group has elected to apply the short-term exemption under SFRS(I) 1.E1 to adopt SFRS(I) 9 on January 1, 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended December 31, 2017. At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

41 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 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:

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 December 31, 2018, the Group has non-cancellable operating lease commitments of approximately S$3.39 million disclosed as operating lease commitments in Note 38. 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.

SHAREHOLDERS' INFORMATION

AS AT MARCH 25, 2019

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1- 99	1,647	23.40	64,763	0.05
100 – 1,000	3,305	46.95	1,118,432	0.85
1,001 – 10,000	1,507	21.41	6,164,145	4.71
10,001 – 1,000,000	566	8.04	30,031,621	22.95
1,000,001 and above	14	0.20	93,481,655	71.44
Total	**7,039**	**100.00**	**130,860,616**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Kartar Singh Thakral	–	–	39,182,560[(1)]	29.94
Inderbethal Singh Thakral	–	–	39,182,560[(1)]	29.94
Bikramjit Singh Thakral	–	–	39,182,560[(1)]	29.94
Gurmukh Singh Thakral	–	–	39,182,560[(1)]	29.94
Karan Singh Thakral	–	–	39,182,560[(1)]	29.94
Rikhipal Singh Thakral	–	–	39,182,560[(1)]	29.94
Indergopal Singh Thakral	–	–	39,182,560[(1)]	29.94
Manbeen Kaur Thakral	–	–	39,182,560[(2)]	29.94
Thakral Investments Limited	–	–	39,182,560[(2)]	29.94
Preview Investments Limited	–	–	39,182,560[(2)]	29.94
Prime Trade Enterprises Limited	39,182,560	29.94	–	–
Thakral Group Limited (as trustee of the S S Thakral Trust)	–	–	39,182,560[(3)]	29.94
Beneficiaries of the S S Thakral Trust	–	–	39,182,560[(4)]	29.94
Venture Delta Limited	10,122,667	7.74	–	–
Constellation Star Holdings Limited	–	–	10,122,667[(5)]	7.74
China Yuchai International Limited	–	–	10,122,667[(5)]	7.74
HL Technology Systems Pte Ltd	–	–	10,122,667[(5)]	7.74
Hong Leong (China) Limited	–	–	10,122,667[(5)]	7.74
Hong Leong Asia Ltd.	–	–	10,122,667[(5)]	7.74
Hong Leong Corporation Holdings Pte Ltd	–	–	10,122,667[(5)]	7.74
Hong Leong Enterprises Pte. Ltd.	–	–	10,122,667[(5)]	7.74
Hong Leong Investment Holdings Pte. Ltd.	–	–	10,122,667[(5)]	7.74
Davos Investment Holdings Private Limited	–	–	10,122,667[(5)]	7.74
Kwek Holdings Pte Ltd	–	–	10,122,667[(5)]	7.74

Notes:

(1) 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 Prime Trade Enterprises Limited in which Thakral Group Limited is deemed interested (whether such authority is or is capable of being made subject to restraint or restriction). Therefore, 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 Prime Trade Enterprises Limited.

SHAREHOLDERS' INFORMATION

AS AT MARCH 25, 2019

(2) Held through Prime Trade Enterprises Limited.
(3) Thakral Group Limited, as the holding company of Prime Trade Enterprises Limited, is deemed interested in the 39,182,560 Shares held by Prime Trade Enterprises Limited. Thakral Group Limited is a private trust company which will administer the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral Family.
(4) Where any property held in trust consist of or include shares and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be deemed to have an interest in those shares. Therefore, the beneficiaries of the S S Thakral Trust are also deemed interested in the 39,182,560 Shares held by Prime Trade Enterprises Limited although no specific beneficiaries have been identified as at March 25, 2019.
(5) Held through Venture Delta Limited.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	19,802,663	15.13
2.	Prime Trade Enterprises Limited	19,235,671	14.70
3.	Venture Delta Limited	10,122,667	7.74
4.	Thakral Investments Limited	9,720,639	7.43
5.	Raffles Nominees (Pte.) Limited	7,529,032	5.75
6.	Preview Investments Limited	6,876,250	5.25
7.	Sing Investments & Finance Nominees (Pte) Ltd	4,137,100	3.16
8.	Kanwaljeet Singh Dhillon	4,033,000	3.08
9.	Market Watch Ltd	3,250,000	2.48
10.	Harminder Kaur Pasricha	3,000,000	2.29
11.	DBS Nominees (Private) Limited	2,160,709	1.65
12.	Amarjit Kaur	1,283,300	0.98
13.	Atma Singh s/o Lal Singh	1,264,650	0.97
14.	United Overseas Bank Nominees (Private) Limited	1,065,974	0.81
15.	J & H Singh Pty Ltd	1,000,000	0.76
16.	CGS-CIMB Securities (Singapore) Pte. Ltd.	963,711	0.74
17.	Phillip Securities Pte Ltd	752,501	0.58
18.	OCBC Nominees Singapore Private Limited	714,993	0.55
19.	Chua Hung Koon Edmond (Cai Hankun Edmond)	547,200	0.42
20.	Chiang Kuo Chiang	500,000	0.38
Total		**97,960,060**	**74.85**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 25, 2019, approximately 59.12% of the issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Company did not hold any treasury shares as at March 25, 2019.

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15 APRIL 2019

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix is circulated to Shareholders of Thakral Corporation Ltd (the "**Company**") together with the Company's annual report for the year ended 31 December 2018 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information pertaining to the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on 30 April 2019 at 11 a.m. at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031.

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

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

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

THAKRAL CORPORATION LTD

(Incorporated in Singapore)

(Company Registration Number: 199306606E)

APPENDIX TO ANNUAL REPORT 2018

in relation to

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

Appendix to Annual Report 2018

DEFINITIONS

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

"AGM"	:	The Annual General Meeting of the Company to be held on 30 April 2019.
"Appendix"	:	This appendix to the Company's Annual Report 2018 dated 15 April 2019.
"associate"	:	In the case of a company, (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"Audit Committee"	:	The audit committee of the Company comprising Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair.
"Board"	:	The board of Directors of the Company as at the date of this Appendix.
"CDP"	:	The Central Depository (Pte) Limited.
"Chief Financial Officer"	:	The chief financial officer of the Company who is not an Interested Person.
"Companies Act" or "Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Company"	:	Thakral Corporation Ltd.
"Director"	:	A director of the Company as at the date of this Appendix.

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"FY"	:	Financial year ended or ending 31 December.
"Group"	:	The Company, its subsidiaries and/or its associated companies.
"Immediate Family"	:	In relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.
"Independent Directors"	:	Has the meaning as ascribed to it in Section 8.1 of this Appendix.
"Interested Person Transactions"	:	Has the meaning as ascribed to it under Section 2.4.1 of this Appendix.
"Interested Persons"	:	The Thakral Family Companies, and "Interested Person" means any of the Thakral Family Companies.
"IPT Circular"	:	The Company's circular dated 13 April 2011.
"IPT Mandate"	:	A Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies or any of them, to enter into Interested Person Transactions with the Interested Persons and has the meaning ascribed to it in Section 2.1.5 of this Appendix.
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Lock Out Agreement"	:	The agreement entered into by the Company, Mr. Kartar Singh Thakral, Thakral Brothers (Private) Limited and Dartmoor Pte Ltd dated 24 November 1995 in relation to the parties' trading activities with their consumer electronic product customers worldwide and between themselves.
"NTA"	:	Net tangible assets.
"Rights to Lock-Out"	:	Has the meaning as ascribed to it in Section 3.2.2 of this Appendix.
"Sales Director"	:	The sales director of a major subsidiary of the Company who is not an Interested Person.
"Securities Accounts"	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.

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"Shareholders"	:	The registered holders of Shares except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts.
"Shares"	:	Ordinary shares in the share capital of the Company.
"Subsidiaries"	:	Has the meaning as ascribed to it by Section 5 of the Companies Act.
"Substantial Shareholder"	:	Has the meaning as ascribed it by Section 81 of the Companies Act.
"TCL Territories"	:	Hong Kong, the People's Republic of China, Taiwan, Japan, the Philippines and such other countries as may be agreed by the parties to the Lock Out Agreement from time to time.
"TFC Sale in TCL Territories"	:	Sale by any of the Thakral Family Companies of consumer electronic products (i) to parties in the TCL Territories or (ii) to parties outside the TCL Territories which they know to be destined for resale in or into the TCL Territories.
"Thakral Controlling Company"	:	Any of Thakral Investments Limited, Preview Investments Limited and/or any company (i) that will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) in which a Thakral Family Director or his associate has an interest.
"Thakral Controlling Shareholder"	:	Any of Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral, Madam Manbeen Kaur Thakral and/or any individual who (i) will be deemed as a controlling shareholder of the Company within the definition of the Listing Manual and (ii) is a Thakral Family Director or an associate of a Thakral Family Director.
"Thakral Family Directors"	:	Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral and/or Mr. Bikramjit Singh Thakral.
"Thakral Family Company"	:	(1) a company in which any Thakral Family Director and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (2) a company in which any Thakral Controlling Shareholder and his Immediate Family together (directly or indirectly) have an interest of 30% or more; or (3) a Thakral Controlling Company; or

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(4) a company which is a subsidiary or holding company of any Thakral Controlling Company or a subsidiary of such holding company or a company in the equity of the Thakral Controlling Company and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more,

excluding the Group from time to time, and "Thakral Family Companies" shall be construed accordingly.

"S$"	:	Singapore Dollars, the lawful currency of the Republic of Singapore.
"%" or "per cent"	:	Per centum.

The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be.

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

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

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

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

Appendix to Annual Report 2018

1. INTRODUCTION

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

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

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Chapter 9 of the Listing Manual

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

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

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

2.1.4 Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2018, the NTA of the Group was S$132,142,000. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, 5% of the Company's latest audited consolidated NTA would be S$6,607,000.

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

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

(i) an "***entity at risk***" means:–

(a) the listed company;

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

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

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

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

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

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

(vi) a "***transaction***" includes:–

(a) the provision or receipt of financial assistance;

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

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

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

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

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

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2.2 Background to the IPT Mandate

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

2.2.2 The IPT Mandate approved at the Company's EGM was last renewed at the Company's annual general meeting held on 27 April 2018 and is in force until the next annual general meeting of the Company. Accordingly, the existing IPT Mandate will expire at the forthcoming Annual General Meeting ("***AGM***") to be held on 30 April 2019 and the Directors are proposing to renew the IPT Mandate at the AGM.

2.3 Rationale for Renewal of the IPT Mandate

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

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

2.4 Classes of Interested Persons and Description of Interested Persons Transactions

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

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

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

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2.5 Benefits to Shareholders

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

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

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

3.1 General

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

3.2 Lock Out Agreement

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

3.2.2 Notwithstanding the termination of the Lock Out Agreement, the Audit Committee has the right to require the provisions of the Lock Out Agreement to re-apply to the parties of the Lock Out Agreement ("**Rights to Lock-Out**") if the shareholding of Mr. Kartar Singh Thakral, Mr. Inderbethal Singh Thakral and Mr. Bikramjit Singh Thakral and/or their family members in the Company is 15% or more than 15%, or when the quantum of a transaction relating to the TFC Sale in TCL Territories is of a value equal to, or exceeding:

(i) 3% of the Group's latest audited consolidated NTA; or

(ii) 3% of the Group's latest audited consolidated NTA, when aggregated with the values of all other TFC Sales in TCL Territories during the same financial year of the Company.

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3.2.3 The Audit Committee will review the shareholding information contained in the Register of Directors' Shareholdings and Register of Substantial Shareholders maintained by the Company to ascertain whether the shareholding of the Thakral Family Directors and/or their family members in the Company is 15% or more than 15%, and if so, whether the Rights to Lock-Out should be exercised by the Audit Committee.

3.2.4 The Thakral Family Directors will deliver to the Company, not later than 30 days after 31 March, 30 June, 30 September and 31 December in each year, a certificate signed by any one of the Thakral Family Directors certifying the aggregate amount of TFC Sales in TCL Territories for that quarter, and setting out the names of the Thakral Family Companies which carried out such TFC Sales in TCL Territories and a breakdown of the amount of such TFC Sales in TCL Territories and the number of customers in respect of each relevant country for that quarter ("**Quarterly Certificates**").

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

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

3.2.7 The Audit Committee has reviewed the above information during FY2018 to determine whether the Rights to Lock-Out had become exercisable and should be exercised by the Audit Committee. After due consideration, taking into account that the Group would likely benefit more than the relevant Thakral Family Companies if the Lock Out Agreement was not reinstated, the Audit Committee took the view that it was advantageous to all Shareholders including minority shareholders that the Audit Committee not exercise the Rights to Lock-Out and not reinstate the Lock Out Agreement.

3.3 Other Review Procedures

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

(a) the Company or relevant Group company will seek to obtain third party quotations from the market and/or from comparable transactions undertaken by the Group with third parties to decide whether the Interested Person Transactions should be transacted. In the event that it is not possible or practicable to obtain third party quotations (for example, where the relevant Thakral Family Company is the sole

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supplier of the relevant consumer electronics and electrical products in certain regions), the Company or relevant Group company will generally only enter into the Interested Person Transactions if, inter alia, the profits based on the transaction prices are within the acceptable margins set by the Company or relevant Group company. In such cases, the Sales Director shall record such Interested Person Transactions and report the same to the Audit Committee on a quarterly basis. The Audit Committee will review such Interested Person Transactions to ascertain whether the Interested Person Transactions are conducted on normal commercial terms, at arm's length and will not be prejudicial to the interests of the Company and its minority shareholders; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix to Annual Report 2018

5. VALIDITY PERIOD OF THE RENEWED IPT MANDATE

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

6. DISCLOSURE IN ANNUAL REPORT

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

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

7. STATEMENT OF THE AUDIT COMMITTEE

7.1 Having considered, inter alia, the terms, the rationale for and the benefits of renewing the IPT Mandate, the Audit Committee is satisfied that the methods or procedures implemented in FY2018 and which will be maintained by the Company as set out in Section 3 of this Appendix for determining transaction prices of Interested Person Transactions have not changed since the last Shareholders' approval and the current methods or procedures are sufficient to ensure that the Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. As such, an independent financial adviser's opinion is not required for the renewal of the Company's IPT Mandate under Listing Rule 920(1)(c).

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

8. DIRECTORS' RECOMMENDATION

8.1 The Directors who are considered independent for the purpose of making a recommendation to Shareholders on the renewal of the IPT Mandate are Messrs Natarajan Subramaniam, Lee Ying Cheun and Dileep Nair (the "**Independent Directors**").

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

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

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416, not later than 72 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the meeting if he wishes to do so.

10. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

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

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

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Annual Report 2018

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for FY2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of Thakral Corporation Ltd (the "Company") will be held on Tuesday, 30 April 2019 at 11.00 a.m. at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect the following Directors who are retiring pursuant to Regulation 107(2) of the Company's Constitution, and who, being eligible, offer themselves for re-election:

(i) Mr. Natarajan Subramaniam **(Resolution 2)**

(ii) Mr. Lee Ying Cheun **(Resolution 3)**

(iii) Mr. Inderbethal Singh Thakral **(Resolution 4)**

Mr. Natarajan Subramaniam if re-elected as a Director of the Company, will remain as the Lead Independent Director, Chairman of the Audit Committee and Compensation Committee, a member of Nomination Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the SGX-ST.

Mr. Lee Ying Cheun if re-elected as a Director of the Company, will remain as the Chairman of the Nomination Committee, a member of the Audit and Compensation Committees and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the SGX-ST.

The profile of the above Directors has been set out under the Board of Directors Section in the Company's Annual Report 2018.

3. To approve the payment of Directors' fees of S$578,250 for the year ending 31 December 2019, to be paid quarterly in arrears. (31 December 2018: S$548,250)
(Resolution 5)

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

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

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

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

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (i)] **(Resolution 7)**

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

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

(a) approval be and is hereby given for the Company, its subsidiaries and its associated companies or any of them to enter, in the ordinary course of business, into the transactions and arrangements for the sale and purchase of consumer electronics and electrical products as described in Section 2.3.1 of the Appendix to Annual Report 2018 dated 15 April 2019 (the "Appendix"), with any party who is of the class or classes of interested persons described in Section 2.4.1 of the Appendix, provided that all such transactions and arrangements are made on normal commercial terms in accordance with the review procedures for interested person transactions as set out in Section 3 of the Appendix, and that the Directors of the Company be and are hereby authorised to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary in connection with all such transactions and arrangements (the "Shareholders' Mandate");

NOTICE OF ANNUAL GENERAL MEETING

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

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

[See Explanatory Note (ii)] **(Resolution 8)**

By Order of the Board

Chan Wan Mei
Company Secretary
Singapore
Date: 15 April 2019

Explanatory Notes

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company.

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

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

NOTICE OF
ANNUAL GENERAL MEETING

Notes

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

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

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

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

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 not less than 72 hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

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

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

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

PERSONAL DATA PRIVACY:

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

THAKRAL CORPORATION LTD

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

IMPORTANT:

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

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2019.

PROXY FORM

(Please see notes overleaf before completing this Form)

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

of ____ (Address)

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

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

* and/or

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 30 April 2019 at 11.00 a.m. at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2018		
2.	Re-election of Mr. Natarajan Subramaniam as a Director		
3.	Re-election of Mr. Lee Ying Cheun as a Director		
4.	Re-election of Mr. Inderberthal Singh Thakral as a Director		
5.	Approval of Directors' fees amounting to S$578,250 for the year ending 31 December 2019, to be paid quarterly in arrears		
6.	Re-appointment of Deloitte & Touche LLP as Auditors		
7.	Authority to allot and issue shares		
8.	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this ________ day of ____________________ 2019

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

____

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

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9 below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 not less than 72 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

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

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

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

General:

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

Fold Here

Affix
Stamp
Here

PROXY FORM

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

Fold Here

Group Offices

SINGAPORE

THAKRAL CORPORATION LTD

THAKRAL CAPITAL HOLDINGS PTE LTD

THAKRAL REALTY (S) PTE LTD

THAKRAL JAPAN PROPERTIES PTE LTD

TJP PTE LTD

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CBT AT-HOME BEAUTY HOLDINGS PTE LTD

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