

INTERESTED PERSON TRANSACTION::INTERESTED PERSON TRANSACTION - JOINT VENTURE IN TJP PTE. LTD.

Issuer & Securities

Issuer/ Manager

THAKRAL CORPORATION LTD

Securities

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Interested Person Transaction

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Submitted By (Co./ Ind. Name)

Anil Daryanani

Designation

Chief Financial Officer

Description (Please provide a detailed description of the event in the box below)

Please refer to attached announcement on Interested Person Transaction - Joint Venture in TJP Pte. Ltd..

Additional Details

Interested Person Details

1. Prime Trade Enterprises Limited
2. Thakral (Indo-China) Pte. Ltd.

Attachments

[ThakralCorp Anmnt IPT JV TJPP Share Issue 20190702.pdf](#)

Total size =95K MB



THAKRAL CORPORATION LTD

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

ANNOUNCEMENT

INTERESTED PERSON TRANSACTION – JOINT VENTURE IN TJP PTE. LTD.

1. INTRODUCTION

The Board of Directors of Thakral Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) had on 1 October 2018 issued a press release stating that it had invested in 3 properties in Osaka, Japan, and that the investment was being made via TJP Pte. Ltd. (“**TJPP**”) and its wholly-owned subsidiary, SJ Property Investments Pte. Ltd., together with other investors.

TJPP is a direct subsidiary of the Company. It is also acting as a joint venture investment vehicle (the “**Joint Venture**”) through which the Group and the investors have invested in the structures established in Japan (“**TMK Japan**”) for the investment in these properties. The business (the “**Business**”) of TMK Japan is the acquisition, ownership and management of properties in Osaka, Japan, currently comprising four office buildings and a hotel.

TJPP has on 2 July 2019 allotted and issued a total of about 18 million new ordinary shares (the “**TJPP Shares**”) at JPY100 per share (the “**Issue Price**”) for a total issue price of JPY1.8 billion against the amounts received from the Group and other investors. The Group was issued 9.55 million TJPP Shares at the Issue Price for a total issue price of JPY955.1 million and the other investors were issued 8.45 million TJPP Shares at the Issue Price for a total issue price of JPY844.9 million. The entire proceeds received from the issue of the TJPP Shares (the “**Proceeds**”) have been invested in the Business.

As a consequence of the issue of the TJPP Shares, the shareholding percentage of the Group in TJPP has been reduced from 100% (of a share capital of S\$1.00) to about 53.1% of the enlarged capital in TJPP, with TJPP remaining a subsidiary of the Company. Please refer to the announcement titled “*Increase in Share Capital and Reduction of Shareholding Percentage in TJP Pte. Ltd.*” of today for further details.

2. RATIONALE FOR THE JOINT VENTURE

The Directors of the Company believe that the Joint Venture is part of its overall strategy to diversify its asset and earnings base in Japan to capitalise on the country’s strong economic fundamentals and tourism boom and to ultimately enhance shareholder value.

3. DETAILS OF THE JOINT VENTURE AND BUSINESS

The terms of the Joint Venture and Business were arrived at on normal commercial terms, taking into account the future performance of the Business.

The salient terms of the Joint Venture and Business include the following:

- (a) TMK Japan shall use the Proceeds to conduct the Business and distribute the net proceeds of the Business either in the form of profit distribution or capital to TJPP arising from the Business;
- (b) the risks and rewards of all the investors in TJPP shall be in proportion to their investment and no single investor or group of investors shall be preferred over others; and
- (c) save for the Business, TMK Japan shall not be involved in any other businesses.

4. INTERESTED PARTY TRANSACTION

One of the other investors who has been issued part of the 8.45 million TJPP shares is Prime Trade Enterprises Limited (“**PTEL**”) with an interest of 9.0% which is a controlling shareholder of the Company with a 50.2% direct interest in the Company with effect from 22 April 2019. Mr. Kartar Singh Thakral and Mr. Inderbethal Singh Thakral (“**Mr. Bethal**”), both directors of the Company, are deemed to be interested persons and controlling shareholders by virtue of their directorship/shareholding in the holding company of PTEL, Thakral Group Limited, a private trust company which administers the S S Thakral Trust, a full discretionary trust for the benefit of certain members of the extended Thakral Family. Mr. Bethal is the son of Mr. Kartar Singh Thakral and also the CEO of the Group. Mr. Bikramjit Singh Thakral is the sole director of PTEL and the grandson and nephew of Mr. Kartar Singh Thakral and Mr. Bethal respectively. Another investor in TJPP is Thakral (Indo-China) Pte. Ltd. (“**TICPL**”) with an interest of 12.7% of which Mr. Rikhipal Singh Thakral (“**Mr. Rikhi**”) is a director and shareholder. Mr. Rikhi is (i) a controlling shareholder of the Company by virtue of his directorship and shareholding in Thakral Group Limited and (ii) the son and brother of the Company’s Directors and controlling shareholders, Mr. Kartar Singh Thakral and Mr. Bethal respectively.

PTEL and TICPL are therefore “interested persons” within the definition set out in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). TJPP, being a subsidiary of the Company, is regarded as an “entity at risk” within the definition set out in Chapter 9 of the Listing Manual. Accordingly, the Joint Venture is regarded as an interested person transaction and the requirements under Chapter 9 of the Listing Manual are applicable.

Under Rule 909(2) of the Listing Manual, in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk. The amount of the Group's equity participation in TJPP represents approximately 9.0% of the Group's audited net tangible assets ("NTA") as at 31 December 2018.

5. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

The current total value of all interested person transactions, excluding transactions which are less than S\$100,000 with (i) the Thakral Family Companies⁽¹⁾ and their associates; and (ii) all interested persons of the Company, for the period from 1 January 2019 to the date of this Announcement and the percentage of the Group's audited NTA as at 31 December 2018 represented by such values, are as follows:

	Before the Joint Venture		Including the Joint Venture	
	Amount (S\$'000)	Percentage of audited NTA of the Group (%)	Amount (S\$'000)	Percentage of audited NTA of the Group (%)
Total value of all transactions with the Thakral Family Companies and their associates	1,049	0.8	5,931	4.5
- Value of transactions pursuant to the shareholders' general mandate for interested person transactions renewed on 30 April 2019 ("IPT Mandate")	1,049 ⁽²⁾	0.8	1,049	0.8
- Value of transactions not covered under the IPT Mandate	-	-	4,882 ⁽³⁾	3.7
Total value of all transactions with all interested persons of the Company	1,049	0.8	5,931 ⁽⁴⁾	4.5

Notes:-

(1) "Thakral Family Companies" includes any company which is deemed as an associated company of any Thakral Family Director⁽⁴⁾ within the definition set out in

the Listing Manual.

- (2) Comprises purchases from the Thakral Family Companies, net of returns.
- (3) Note that the transaction amount of S\$4,882,000 with the Thakral Family Companies and their associates relates to the same transaction, namely, the Joint Venture.
- (4) “Thakral Family Director” means Mr. Kartar Singh Thakral, Mr. Inderbethyl Singh Thakral and/or Mr. Bikramjit Singh Thakral.

6. EXCEPTIONS TO THE REQUIREMENT FOR SHAREHOLDERS’ APPROVAL AND STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 916(2) of the Listing Manual, shareholders’ approval is not required for an investment in a joint venture with an interested person if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

The Audit Committee of the Company has reviewed the terms of the Joint Venture and is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of the issuer and its minority shareholders. None of PTEL, TICPL and the directors or shareholders of PTEL and TICPL had an existing equity interest in TJPP prior to the Group entering into the Joint Venture.

Therefore, although the value of the Joint Venture to the Company is more than 5% of the latest audited NTA of the Group, the Joint Venture has met the exception under Rule 916(2) of the Listing Manual. Accordingly, the Company is exempted from the requirement of seeking shareholders’ approval for the Joint Venture.

7. FINANCIAL EFFECTS OF THE JOINT VENTURE

The issue of the TJPP Shares is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2019.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, none of the other Directors or substantial or controlling shareholders of the Company has any interest, direct or indirect, in the Joint Venture.

On behalf of the Board

Natarajan Subramaniam
Independent Non-Executive Chairman and Lead Independent Director

Singapore, 2 July 2019