



THAKRAL CORPORATION LTD

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

ANNOUNCEMENT

RESPONSE TO QUESTIONS FROM SECURITIES INVESTOR ASSOCIATION (SINGAPORE) (“SIAS”) ON ANNUAL REPORT 2016

The Board of Directors (the “**Board**”) of Thakral Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers the questions raised by SIAS in relation to the Group’s Annual Report for the financial year ended 31 December 2016 (the “**Annual Report**”) and appends its response as follows:

SIAS Question 1

The group through a joint venture (JV), has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand name. The two resort-style retirement communities – GemLife Bribie Island and GemLife Highfields – have been launched in Queensland, Australia in 2016.

In the Message from Chief Executive Officer (page 6 of the annual report), it was said that “GemLife has further contracted and taken options on various sites and will progressively develop more resorts to bolster its portfolio and profile in the retirement living segment”.

- a) Given that GemLife is a new strategic key driver for the group, can management provide shareholders with a holistic overview of the overall growth strategy, including the timeline, key milestones and expected returns.

Company's Reply

The GemLife business is an important part of the overall strategic direction of the Investment Division and complements the capital management and investment segment of the Investment Division. The GemLife business is expected to generate upfront development profits and annuity rental income for the Investment Division over time as resorts mature.

Over a 2-3 year time horizon, the Investment Division is seeking to have 5-6 projects containing circa 2,000 dwellings being under sale and construction.

Currently two resort-style retirement communities – GemLife Bribie Island and GemLife Highfields – have been launched in 2016. The key milestones are completion of the civil works and then construction and occupation of houses followed by the construction of community facilities. Each of these milestones enables further sales as potential purchasers can see the resort evolving. The Investment Division expects both resorts to have occupants by Q3 2017 with

the completion of the key community facilities in the following year.

- b) **As the two projects in Queensland have been launched since the end of 2016, can management update shareholders on the progress made?**

Company's Reply

As updated in the Company's 1 March 2017 Corporate Presentation, the projects have achieved positive response from buyers. Construction has commenced at both facilities commencing with earthworks, plumbing and drainage. First occupants for both projects are expected to move in by Q3 2017.

- c) **How much will the group invest in the new business of resort-style retirement homes? How does the group intend to fund this?**

Company's Reply

The Group has committed around A\$21 million for the 2 projects, of which approximately half has been raised from the Group's Investment Division's managed funds.

Development costs for both projects are funded by senior debt, capital provided by the Group's Investment Division and its joint venture partner, as well as in the future by proceeds from home sales.

Details of new projects and their funding are included in the Company's press releases when such projects are announced.

SIAS Question 2

In 2015, management had decided to dispose of the warehouse properties in Hong Kong. Since last year, the properties were recognised in the financial statement as assets held-for-sale. The valuation of assets held for sale was also one of the key audit matters highlighted in the independent auditors' report (page 50).

- a) **What is the progress made by management in the disposal of the warehouse properties in Hong Kong? It has been about two years since management stated the intention to dispose of the warehouses.**

Company's Reply

We continue to work with consultants to maximize value.

The Group is still reviewing various options and offers and will make the appropriate announcements when a decision has been reached.

- b) **Can management provide shareholders with better clarity into the assets (such as the warehouse properties) owned by the group? Shareholders would like to request for the basic information such as the location, the**

name of the building (if applicable), the size/floor area, the number of units and the tenure.

Company's Reply

Details shared in the Company's 1 March 2017 Corporate Presentation were as follows:

- *Portfolio of warehouse properties in Hong Kong and commercial and residential properties in China valued at S\$52 million*
- *Hong Kong warehouse building (partly-owned) situated on the waterfront in a district undergoing residential redevelopment*
- *Land prices in Hong Kong continuing to advance due to interest from PRC developers and keen buying interest from home buyers*

The warehouse is located at Yau Tong district in Kowloon, Hong Kong. Total area is approximately 97,000 sq ft over 4 floors in a 7-storey building. In line with all properties in Hong Kong, the tenure is up to 30 June 2047. Details of other properties in China are included in the Annual Report.

SIAS Question 3

A special committee of the board was formed in 2012 to set out the criteria for the basis for the evaluation of the independence of directors who have served beyond nine years from the date of their first appointment (page 31 – Corporate Governance Report). The special committee comprising Mr Kartar Singh Thakral (“Mr Kartar”) and Mr 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 two independent directors, namely Mr Natarajan Subramaniam and Mr Lee Ying Cheun, were first appointed directors on 15 November 1995. The third independent director, Mr Dileep Nair, was appointed in 2015.

The Nomination Committee and the Board, after comprehensive review and taking into consideration the views of the special committee, consider Mr Natarajan Subramaniam and Mr Lee Ying Cheun, both who have served on the board for about 22 years, to be independent.

Notwithstanding that the board considers both long-tenured directors, Mr Subramaniam and Mr Lee, as independent directors, Guideline 2.4 of the Code of Corporate Governance 2012 (Code) issued by the Monetary Authority of Singapore requires the board to “also take into account the need for progressive refreshing of the Board”.

- a) **After the appointment of Mr Dileep Nair in 2015, does the company have further plans for the progressive refreshing of the board, as required by Guideline 2.4 of the Code?**

Company's Reply

The Board and the Nomination Committee are always on the lookout for new Board members who will make a significant contribution to the growth of the Group's businesses. As the Group is currently in the process of changing its focus in China from traditional trading in electronics to wellness and lifestyle products and e-commerce, and developing retirement living homes in Australia, the Board is of the view that continuity is vital until the two businesses settle down within the next year or two. Additionally, the Board is satisfied that the present directors are fully qualified to carry out their responsibilities and bring the required experience to the Board to provide the Group the direction required.

- b) What is the search and nomination process for new board directors, especially independent directors?**

Company's Reply

When there is a vacancy, the Nomination Committee is given the responsibility of filling the vacancy and the Nomination Committee members, consider (i) the need to appoint an external consultant to fill the vacancy, (ii) approaching the Singapore Institute of Directors, to recommend suitable candidates with the necessary experience and skill sets from its archives and (iii) recommendations from Board Members of suitable nominees. A short list is prepared after meeting the potential candidates for consideration by the Board.

Attached is a copy of the Company's presentation for its Annual General Meeting to be held on 28 April 2017, which has been released via SGXNet this evening.

On behalf of the Board

Inderbethal Singh Thakral
Executive Director & Chief Executive Officer

Singapore, 27 April 2017