Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Thakral Corporation Ltd

Stock code: AWI

Meeting details:
Date: 29 April 2022
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with greater clarity on the following operations and financial matters in its real estate-related investments? Specifically:

(i) **GemLife: Did the demand of the group's GemLife homes, perhaps as a lifestyle choice, increase due to the pandemic? Is the heightened demand sustainable? What is the overall sales progress? What is the profile of a typical buyer of a GemLife home? Is GemLife able to self-fund its growth?**

(ii) **GemLife (Bribie Islands): How did the group complete the 404 homes more than two years ahead of schedule? Was it due to good sales progress which led the group to speed up the construction or was it due to smooth progress construction-wise that shaved 2 years off the building time?**

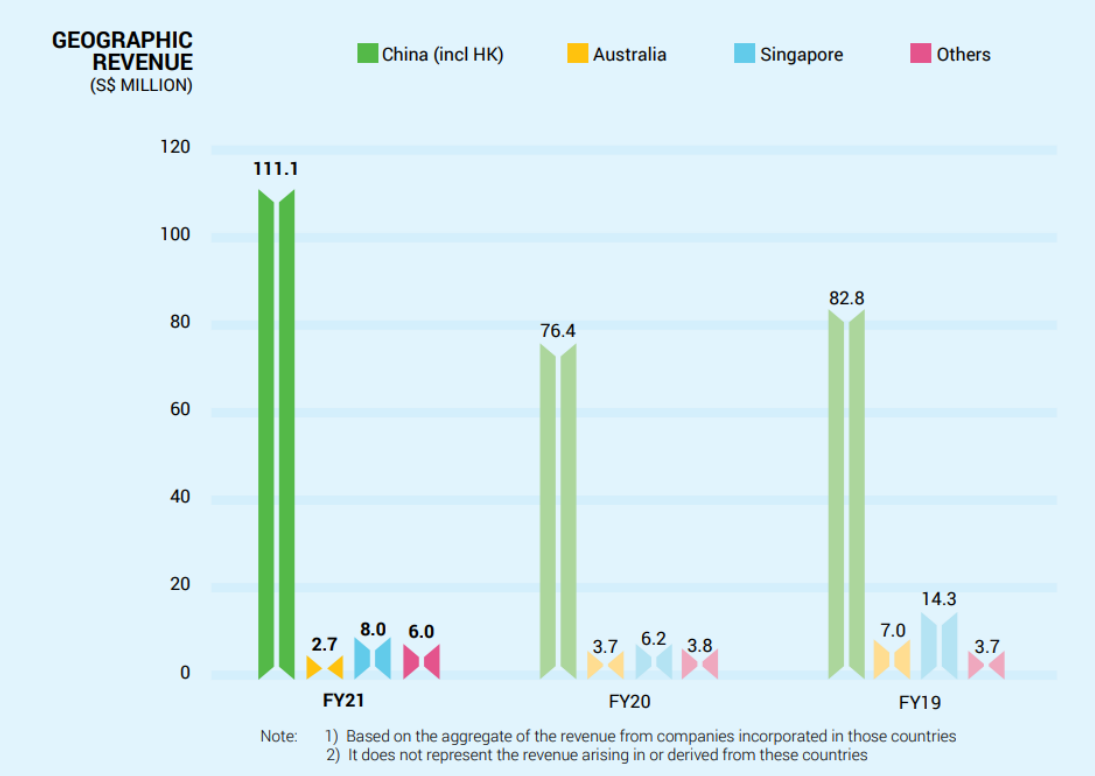
(iii) **Other residential projects: Can management provide shareholders with a clear and concise summary/update of all the development projects undertaken by the group, especially for the benefit of new shareholders?** For instance, Parkridge Noosa and Oxford Residences were mentioned on page 4 of the annual report (Chairman and CEO's joint statement) but no financial/operational figures were provided. Pictures of the projects can be found on pages 17 and 18. **Please also provide details of all the group's investment properties as well.**

(iv) **Japan hotels: Can management confirm that it is looking to sell the 3 Osaka hotels? How will the group be carrying out the sale to benefit from the expected rebound as countries transition to the endemic phase and reopen their borders?**

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Q2. Out of the total revenue of $128 million in FY2021, $111.1 million was generated in China, including Hong Kong.

Overall, for the group, revenue increased by 42% to $127.8 million, boosted by the rising sales of DJI products by the HK subsidiary which was appointed as an exclusive distributor for South Asia. The revenue breakdown by geography is shown on page 9 and reproduced below:



(Source: company annual report)

(i) **Can management help shareholders understand the sentiments on the ground in Hong Kong and in China due to the new wave of COVID-19 as China maintains its zero-COVID policy?**

(ii) **How badly affected is the group's operation in Hong Kong and in China?**

(iii) **Can management confirm that the DJI revenue should be more appropriately attributed to India?** The footnotes in the chart states that revenue attribution was based on the entities' country of incorporation. **Can the board/management consider how it could better present revenue breakdown by geography to shareholders?**

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(iv) **What are the reasons for the strength in fragrance sales that tripled in FY2021?** This could be surprising to some shareholders as work-from-home has been the default in many countries in 2021 to curb the spread of COVID. **Is the level of sales sustainable?**

(v) **Fintech & W Capital: How is the group approaching its investments in FinTech? Is the group making investments based on a coherent framework to allow it to achieve certain strategic objective? In addition, what were the investment criteria used to evaluate W Capital?**

Q3. An abridged version of consolidated statement of cash flows is shown below. Despite the group reporting a profit before income tax of $35.3 million, operating cash flows before movements in working capital was negative $(5.2) million in FY2021 as profits were derived from associates and joint venture and fair value gains. Cash used in operations was $(10.5) million mainly due to trade receivables ($5.0 million) and inventories ($6.8) million.

Net cash used in operating activities was $(14.0) million in FY2021 and $(7.75) million in FY2020.

	Group	
	2021	2020
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit before income tax	35,305	19,584
Operating cash flows before movements in working capital	(5,165)	(7,946)
Trade receivables	(4,987)	1,086
Other receivables and prepayments	(1,429)	4,198
Inventories	(6,796)	874
Trade and bills payables	1,845	(2,336)
Other payables and provisions	5,995	(243)
Cash used in operations	(10,537)	(4,367)
Income tax paid	(1,472)	(1,446)
Interest paid	(2,046)	(2,004)
Interest received	33	65
Net cash used in operating activities	(14,022)	(7,752)

(Adapted from company annual report)

In Note 11 (page 126 – Inventories), the increase was shown as a single line item of "Finished goods and goods for resale" amounting to $14.75 million.

(i) **Can management help shareholders understand what products are driving the increase in inventories? Will the group be exposed to significantly higher obsolescence risk?**

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Similarly, gross trade receivables as at 31 December 2021 increased to $13.4 million. Loss allowance, based on a simplified approach, was $(1.18) million and the group recognised a net carrying amount of trade receivables of $12.25 million, an increase from $7.36 million (Note 4 (b) Credit risk management; page 113).

(ii) **Does management see any increase in credit risk in the market, especially with its new customers? How did management assess the credit risks of customers who are new to the group, e.g. probably in the new DJI business?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)