

General Announcement::Response to Questions from SIAS on Annual Report 2016
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Issuer & Securities

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Announcement Details

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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 attachments.

Attachments	 ThakralCorp Anmnt SIAS Queries AR2016 20170427.pdf ThakralCorp AGMPreso 20170428.pdf Total size =3904K
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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

Annual General Meeting Presentation

28 April 2017

**INDERBETHAL SINGH THAKRAL
CEO**



**THAKRAL
CORPORATION LTD**



ATORS

THAKRAL
CORPORATION LTD

Financial Performance

ANIL M. DARYANANI
CFO





FINANCIAL SNAPSHOT

(FY2016 vs FY2015)

	FY2016	FY2015	Change
<i>Revenue (S\$ million)</i>	214.9	331.3	-35%
<i>Gross Profit (S\$ million)</i>	45.2	33.1	37%
<i>Gross Margin (%)</i>	21%	10%	11 pts
<i>Net Profit (S\$ million)*</i> <i>(Excluding exceptional item)</i>	10.8	(1.3)	NM
<i>Net Asset Value (NAV, cents)</i>	73.72	73.57	NM

* Excludes net unrealized valuation loss on investment properties of S\$7.3 million (FY2015: gain of S\$9.9 million)

NM - Not material / meaningful



FINANCIAL SNAPSHOT

(1QFY17 vs 1QFY16)

	1QFY17	1QFY16	Change
<i>Revenue (S\$ million)</i>	36.9	80.3	-54%
<i>Gross Profit (S\$ million)</i>	10.5	8.5	25%
<i>Gross Margin (%)</i>	29%	11%	18 pts
<i>Net Profit (S\$ million)*</i> <i>(Excluding exceptional item)</i>	3.5	1.9	82%
<i>Net Asset Value (NAV, cents)</i>	74.95	73.01	3%

* Excludes net unrealized valuation loss on investment properties of S\$1.5 million (Q1FY16: \$0.9 million)



ATORS

THAKRAL
CORPORATION LTD

Investment Division





Investment Division

Key Markets

- Australia
- Japan
- Other parts of Asia (mainly China and HK)



Investment Division

Key Highlights – FY2016

Investment returns from additional projects compared to last year as well as returns from completed or progressing projects saw:

- Revenue hit S\$36.2 million in FY2016 vs S\$24.0 million in FY2015 (Increased 51%)
- Segment operating profit (EBIT) before valuation gains/losses on Investment Properties and share of loss of joint ventures was S\$27.2 million vs S\$15.8 million in FY2015 (Increased 72%)



Investment Division

Key Highlights – Q1-FY17

Accrual of fee income as well as investment returns from ongoing projects resulted in:

- Revenue of S\$7.2 million in Q1-FY17 vs S\$5.6 million in Q1-FY16 (Increased 29%)
- Segment operating profit (EBIT) before valuation gains/losses on Investment Properties and share of loss of joint ventures of S\$5.0 million vs S\$4.0 million previously (Increased 26%)



Investment & Asset Overview

Thakral Capital Holdings

Diversified real estate investment company

Capital Investment & Management	GLNG Housing	GemLife JV
<ul style="list-style-type: none">• Investing in and syndicating capital for real estate development projects• Targeting TCH IRR returns of >20%	<ul style="list-style-type: none">• Principal investment in 101 houses leased to the GLNG consortium at above market yields until 2020	<ul style="list-style-type: none">• Joint Venture investment into an establishment franchise with substantial track record• GemLife brand established• Established and contracted development pipeline for circa 2,000 homes in prime locations in the eastern states of Australia• Targeting TCH IRR returns over the project >20%



TCH - Executive Directors



Kevin Barry
Joint Managing Director



Greggory Piercy
Joint Managing Director



Victor Shkolnik
Executive Director



Thakral Capital Holdings

Capital Investment & Management

- Thakral Capital Holdings (“TCH”) was formed in late 2010 and started operations in Australia as Thakral Capital (“TCAP”) in early 2011, originating and managing investments for the TCL Group
- Invests directly or with co-investors in real estate and other investment opportunities in Australia and Asia-Pacific
- Originates, packages and manages housing projects



Thakral Capital Holdings

Capital Investment & Management

- Revenue earned from establishment fees charged on capital committed for projects, management fees, and returns on capital invested
- Targeting TCH IRR returns of >20%





Investments in Australia

- Investing and committing in excess of A\$300 million of capital into projects with an end value surpassing A\$2.6 billion with returns varying from 15-20% IRR to its co-investors and managed funds
- Projects range from residential and mixed use development, to retirement resorts under the GemLife brand
- Projects and property investments in key cities - Sydney, Melbourne and Brisbane
- Over a 6 year track record, successfully completed 11 projects with another 11 in the pipeline, 6 of which are under construction
- Established core relationships with developers and investors to ensure an ongoing pipeline



Investment Project Track Record

Completed

Gross Realisation Value of Completed Projects: A\$1.21bn

			
Australia Towers Stage 1 Sydney	The Quay Melbourne	GLNG Portfolio Gladstone	Harbour One Melbourne
			
Emerant Lane Sydney	Union Balmain Sydney	Sephora Brisbane	Gateway Mackay
			
VIDA Brisbane	Eden Greenacre	Various Townhouses Queensland	



Investment Project Track Record Under Construction & Contracted

Gross Realisation Value of Projects under construction and contracted: A\$1.44bn



FV
Brisbane



Sanctuary Cammeray
Sydney



Newstead Series
Brisbane



The Grove
Richlands



The Oxford
Bondi Junction



Grange Residences
Grange



Investment Project Highlights

Capital Investment & Management

2015

Newstead Series Project

- Luxury residential project in Brisbane
- Funded up to A\$32.2 million

Project Update

- Project proceeding on time and budget
- Construction undertaken by one of Australia's leading builders
- Close to 90% of the 300 units have been pre-sold
- Apartment management rights have been sold to JLL





Investment Project Highlights

Capital Investment & Management

2014

FV Stage 1

- Luxury residential project in Brisbane
- Funded up to A\$57.8 million

Project Update

- Project proceeding on budget and slightly behind program
- Construction undertaken by one of Australia's leading builders
- Close to 99% of the 651 units have been pre-sold
- Apartment management rights have been sold to Mantra





Investment Project Highlights

GLNG Housing

GLNG Gladstone Housing Project

- The TCH group own 101 houses in Gladstone, Queensland that are on lease to GLNG up to June 2020

Project Update

- GLNG Project is in its operational phase with first gas shipped in October 2015
- The remaining contracted GLNG lease cash flows fully repay by Q1 2020 the A\$21.2 million of senior debt currently outstanding with Westpac (at March 2017)
- The carrying value of 101 houses (at March 2017) was A\$48.4 million





About GemLife

- Based in Queensland with a mission to let the Over 50s live the life they deserve, GemLife focuses on delivering all the benefits of lifestyle, location, community, and security
- Development and management of retirement resorts in Queensland and New South Wales and Victoria with a view to have a pipeline of 2,000 homes





About GemLife

Living Gems

- Our partner in the GemLife business is Living Gems
- Owned by the Puljich family who has a more than 30-year track record of owning and running Living Gems
- Completed five resorts and 1,171 home sites under its management
- Won several awards including the International Over 50s Housing Awards' Most Outstanding Active Lifestyle Resort in the World 2015





2016

Investment Project Highlights

GemLife JV

Launch of GemLife

- Total project value of about A\$308 million for the 2 projects that are underway
- Resort-style retirement housing
- GemLife is a JV with a subsidiary of Living Gems Lifestyle Resorts
- The GemLife business will generate:
 - Upfront development profits
 - Annuity rental income as resorts mature
- First two resort-style retirement communities – GemLife Bribie Island and GemLife Highfields – have been launched in Queensland
- A\$21 million committed by TCH group for initial 2 projects of which c.50% raised from funds directly managed by the Investment Division





About GemLife

Bribie Island and Highfields projects

- Achieved strong positive response from buyers
- Bribie Island – 404 homes on a 24.9-hectare site including a 9.5-hectare lake
- GemLife Highfields – 233 homes on a 9-hectare site
- First occupants for both projects are expected to move in by Q3 2017



GemLife Highfields
QLD



GemLife Bribie Island
QLD



Thakral Capital Holdings Outlook for 2017

- 4 sites currently under contract and in due diligence stage and 3 further sites under evaluation in the GemLife business. 2 sites expected to be settled in 2017
- New sites are expected to be settled through a combination of senior debt, investor capital and Investment Division capital of which some will come from funds recycled from maturing projects. Other funding options will be explored if required
- Expect 4 projects including Sanctuary Cammeray, FV, Grove and Newstead to complete in FY17 or early FY18 – funds to be recycled into new projects already in the pipeline
- The housing market in the sectors we operate remains relatively strong albeit price increases are expected to flatten in 2017



Investments in Japan

Thakral Japan Properties

- 49.9% subsidiary
- Focuses mainly on commercial properties
- Projects and property investments in Osaka
- Invested S\$13.3 million in October 2014 with carrying value in March 2017 at S\$20.6 million



Investment Project Highlights

Japan

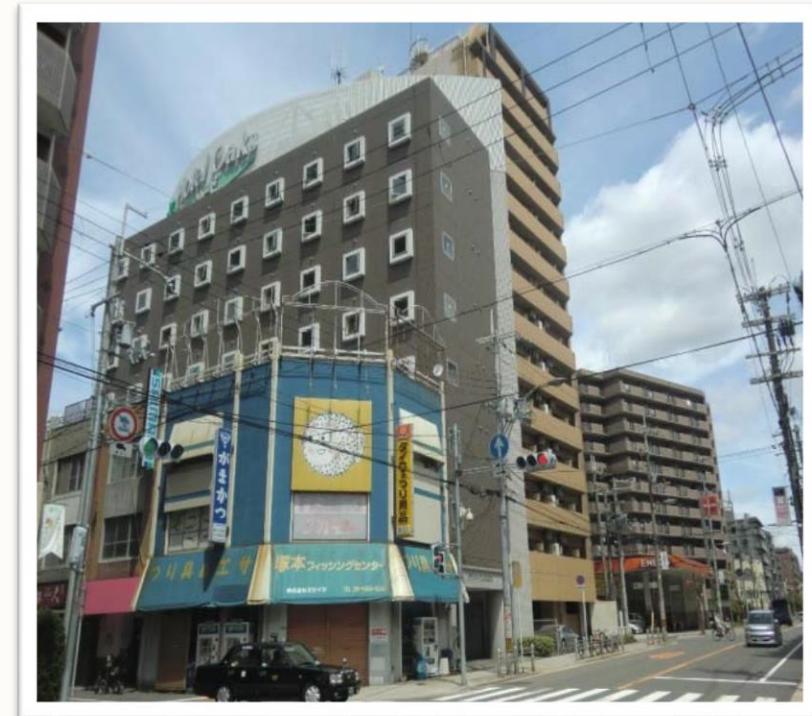
2016

Hotel Oaks Reaze Tsukamoto

- First hotel property acquired in Nov 2016
- No additional equity invested by the Group – financed almost entirely through uplift in value of 2 commercial buildings in Osaka

Project Update

- 100% leased
- Finalising legal documentation for change of operator to an internationally-recognized midscale brand from mid-year to improve returns





Investment Project Highlights

Japan

2014

Yotsubashi East Building & Yotsubashi Nakano Building

- Acquired for a total of S\$42 million in Oct 2014

Project Updates

- Fully occupied
- Improved occupancy and return rates resulting in improved yield
- Substantial uplift in asset value since acquisition



Yotsubashi East
Building



Yotsubashi Nakano
Building



Investment Updates

Other Regions in Asia

- 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 advance due to interest from PRC developers and keen buying interest from home buyers
- Seeking to maximize value from disposal of this asset



TOR

THAKRAL
CORPORATION LTD

Lifestyle Division

TORSTEN STOCKER
COO, Lifestyle Division

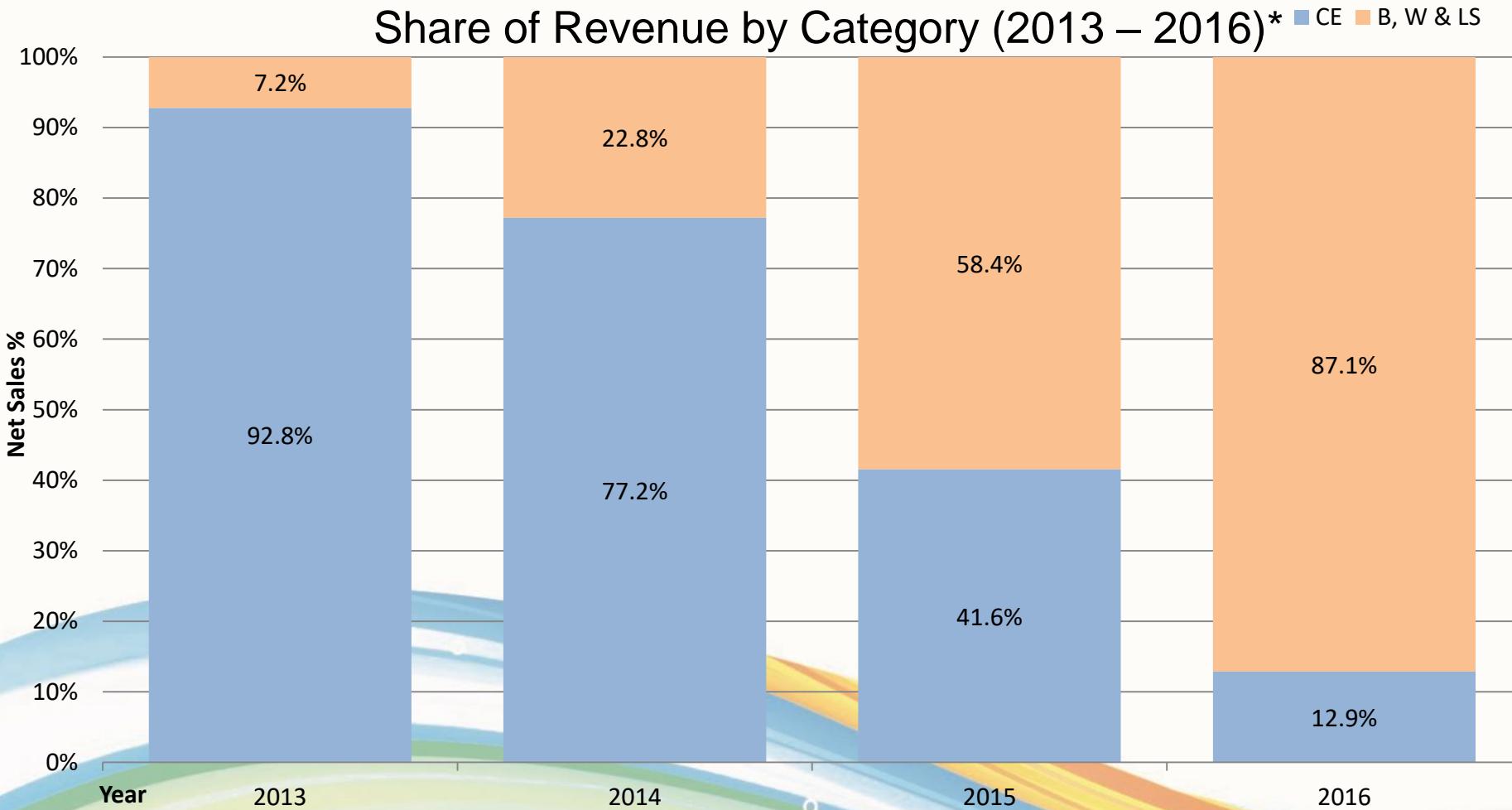


Core Strategy

- Focusing on beauty, wellness and lifestyle brands, in Greater China
- Building strong category and channel platforms (both online and offline) to drive scale
- Exploring value creation opportunities and capturing better margins through brand management



Beauty, Wellness & Lifestyle



*Note: Data is for Thakral China and excludes certain low-margin business



Global Brands

Beauty

ReFa



Cm.
PRO EDITION



CANVAS
Beautiful Skincare



LEADERS



MEDIHEAL



BRAUN



Panasonic



PHILIPS



Wellness

SIXPAD



Style
Body Make Seat



Lifestyle



dji



Skullcandy





Leading Channels

E-commerce

天猫
TMALL.COM

淘宝网
Taobao.com

小红书
全世界的好东西

JD 京东
JD.COM

魅力惠 MEI
.COM

Prestige
Beauty

Beauty Specialist:
SEPHORA

SASA 莎莎

SPACE.NK

Department Store:
PARKSON 百盛

金鹰
GOLDEN EAGLE

妍丽

Spa:
GRAND HYATT

ZETA VILLA
丝·莊养生会所

Premium
Mass Beauty

city'super

COLORS

万宁 mannings

Ole'
supermarket

watsons 屈臣氏

Lifestyle

CHIC BUS

chonps

美承
MEICHENG

10² 一兆韦德
TERA WELLNESS



Retail POS Excellence

CANVAS
Beautiful Skincare



Canvas Store, Eslite Spectrum
Department Store, Suzhou



Canvas Store,
Shenyang

ReFa Body Make Seat
Style SIXPAD

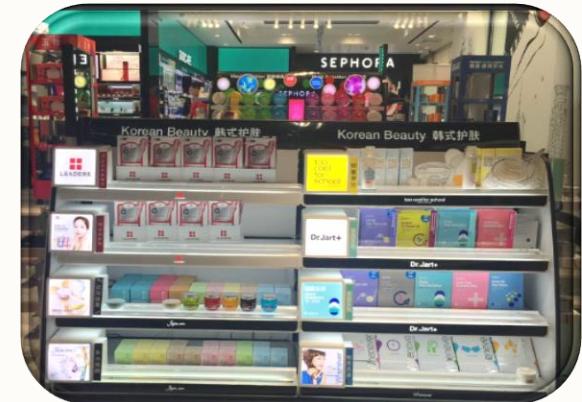


Chonps Store, Kerry Center,
Hangzhou



Chonps Store, Kerry Center,
Hangzhou

LEADERS



Sephora Store, Disney Outlet,
Shanghai



Sephora Store, Nanjing Road,
Shanghai



Online POS Excellence

天猫
TMALL.COM

ReFa

SIXPAD Body Fit

淘宝网
Taobao.com

SIXPAD Abs Fit

SIXPAD Body Fit

SEPHORA.cn

LEADERS

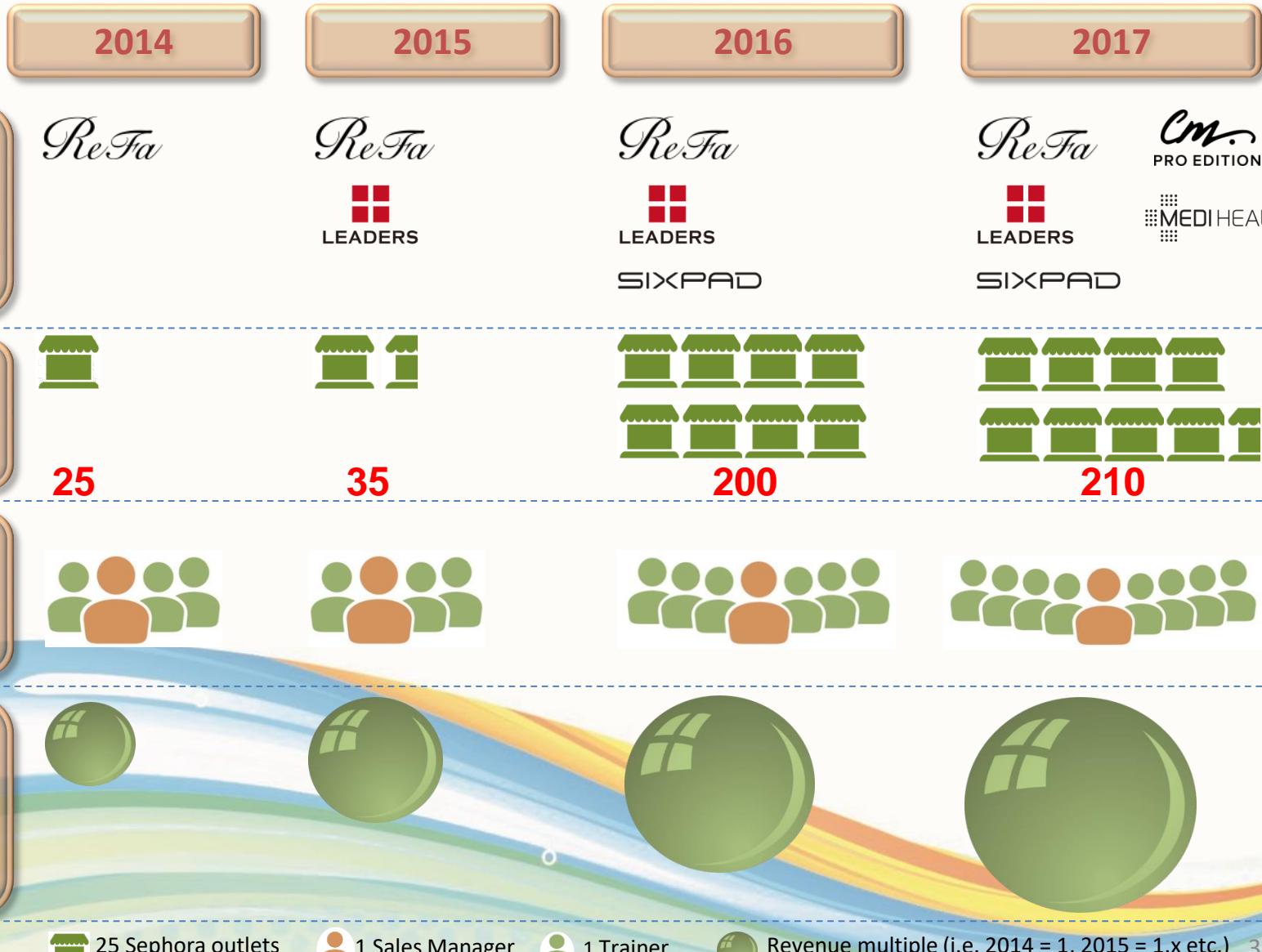
SEPHORA

ReFa



Scalable Platforms

Sephora
Example





Financial Highlights

- Strategic shift towards more stable, higher-margin beauty, wellness and lifestyle products
- Segment losses shrank by 35% on a lower turnover of S\$178.6 million for FY2016 compared to S\$307.3 million in the prior year
- Business showed improvement - Division achieved EBIT break-even in Q1, 2017



Outlook for 2017

- Drive sales of our current portfolio
- Selectively add new brands for 2017 and 2018
- Deepen relationships with key channels
- Strengthen China cross-border footprint





THANK YOU

- ❖ For further enquiries, please contact:

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