

APPENDIX DATED 12 APRIL 2023

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to the shareholders (the “**Shareholders**”) of Thakral Corporation Ltd (the “**Company**”) together with the Annual Report 2022 (as defined herein). The purpose of this Appendix is to explain to Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Buyback Mandate (as defined herein), and to seek Shareholders’ approval of the same at the annual general meeting of the Company to be held on **27 April 2023 at 11 a.m.** at Merchant Court Ballroom, Lobby Level, Paradox Singapore Merchant Court at Clarke Quay, 20 Merchant Road, Singapore 058281.

The notice of annual general meeting of the Company (the “**Notice of AGM**”) and the relevant proxy form are enclosed with the Annual Report 2022.

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.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward the Annual Report 2022 (including the Notice of AGM and the relevant proxy form) and this Appendix to the purchaser or transferee as arrangements will be made by CDP for a copy of the Annual Report 2022 (including the Notice of AGM and the relevant proxy form) and this Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand the Annual Report 2022 (including the Notice of AGM and the relevant proxy form) and this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Appendix, including the accuracy of any of the statements made, opinions expressed or reports contained in this Appendix.



THAKRAL CORPORATION LTD

(Incorporated in Singapore)
(Company Registration No. 199306606E)

**APPENDIX TO THE ANNUAL REPORT 2022 IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE (AS DEFINED HEREIN)**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

“AGM”	:	Annual general meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting of the Company to be held on 27 April 2023;
“Annual Report 2022”	:	The Company’s annual report for the financial year ended 31 December 2022;
“Appendix”	:	This appendix to the Annual Report 2022;
“associated company”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group;
“Average Closing Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix;
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date;
“CDP”	:	The Central Depository (Pte) Limited;
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time;
“Company”	:	Thakral Corporation Ltd;
“Constitution”	:	The constitution of the Company;
“day of the making of the offer”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix;
“Directors”	:	The directors of the Company as at the Latest Practicable Date;
“EPS”	:	Earnings per Share;
“FY”	:	Financial year ended or ending 31 December, as the case may be;
“Group”	:	The Company and its subsidiaries;
“Latest Practicable Date”	:	27 March 2023, being the latest practicable date prior to the date of this Appendix;
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time;
“Market Acquisitions”	:	Has the meaning ascribed to it in Section 2.3.3(a) of this Appendix;
“Market Day”	:	A day on which the SGX-ST is open for trading of securities;
“Maximum Percentage”	:	Has the meaning ascribed to it in Section 2.3.1 of this Appendix;
“Maximum Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix;
“Notice of AGM”	:	The notice of AGM dated 12 April 2023;

DEFINITIONS

“NTA”	:	Net tangible assets;
“Off-Market Acquisitions”	:	Has the meaning ascribed to it in Section 2.3.3(b) of this Appendix;
“Registrar”	:	The Registrar of Companies;
“Securities Account”	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account maintained with a depository agent;
“Securities and Futures Act”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time;
“SGX-ST”	:	Singapore Exchange Securities Trading Limited;
“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual;
“Share Buyback”	:	Buyback of Shares by the Company pursuant to the Share Buyback Mandate;
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares, mean the persons whose Securities Accounts maintained with CDP are credited with the Shares;
“Shares”	:	Ordinary shares in the share capital of the Company;
“subsidiary holdings”	:	Shareholdings in the Company held by its subsidiary(ies) as further elaborated in sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act;
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares;
“Take-Over Code”	:	The Singapore Code on Take-Overs and Mergers, as amended or modified from time to time;
“treasury shares”	:	The Shares held in treasury by the Company;
“S\$” and “cents”	:	Singapore dollars and cents, respectively; and
“%” or “per cent”	:	Per centum or percentage.

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

DEFINITIONS

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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 Securities and Futures Act or any statutory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or the Securities and Futures Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Appendix is made by reference to Singapore time and date unless otherwise stated.

LETTER TO SHAREHOLDERS

THAKRAL CORPORATION LTD

(Incorporated in Singapore)
(Company Registration No. 199306606E)

Directors

Natarajan Subramaniam (Independent Non-Executive Chairman and Lead Independent Director)
Kartar Singh Thakral (Executive Director)
Inderbethal Singh Thakral (Executive Director and Chief Executive Officer)
Lee Ying Cheun (Independent Non-Executive Director)
Dileep Nair (Independent Non-Executive Director)
Bikramjit Singh Thakral (Non-Independent Non-Executive Director)

Registered Office

20 Upper Circular Road
#03-06 The Riverwalk
Singapore 058416

12 April 2023

To: The Shareholders of the Company

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The Directors of the Company propose to table the renewal of the Share Buyback Mandate at the forthcoming AGM of the Company to be held on 27 April 2023 at 11 a.m. at Merchant Court Ballroom, Lobby Level, Paradox Singapore Merchant Court at Clarke Quay, 20 Merchant Road, Singapore 058281. The purpose of this Appendix, which is circulated together with the Annual Report 2022, is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Buyback Mandate.

The Company has appointed Morgan Lewis Stamford LLC as its legal adviser as to Singapore law in relation to the proposed renewal of the Share Buyback Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

The Share Buyback Mandate was first obtained at the Company's extraordinary general meeting held on 12 June 2020 and last renewed at the Company's annual general meeting held on 29 April 2022 (the "**2022 AGM**"). The existing Share Buyback Mandate approved by Shareholders at the 2022 AGM will expire at the forthcoming AGM to be held on 27 April 2023.

Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the forthcoming AGM to be held on 27 April 2023, to take effect from the passing of the relevant resolution until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting, to enable the Directors to continue to exercise all powers of the Company to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate.

The terms of the mandate for the Share Buyback by the Company in respect of which the Share Buyback Mandate is sought to be renewed are set out in this Appendix for the easy reference of the Shareholders.

LETTER TO SHAREHOLDERS

2.1. Rationale

The rationale for the Share Buyback Mandate to allow the Company to undertake a purchase or acquisition of its Shares is as follows:

- (a) the Share Buyback Mandate provides the Company with greater flexibility in managing its capital, share capital structure and maximising returns to the Shareholders. Undertaking the Share Buyback at the appropriate price level is one of the ways through which the return on equity (and, depending on market conditions, the EPS and the NTA per Share) of the Company may be enhanced;
- (b) the Share Buyback is an expedient, effective and cost efficient way to facilitate the return of surplus funds which are in excess of the Company's financial needs, to the Shareholders;
- (c) the Share Buyback Mandate provides the Directors with the flexibility to undertake the Share Buyback at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force; and
- (d) Shares purchased or acquired under the Share Buyback Mandate may be held as treasury shares and used for prescribed purposes, such as selling the treasury shares for cash. The transfer of treasury shares in lieu of issuing new Shares pursuant to any share scheme or as consideration for acquisitions would also mitigate the dilution impact for existing Shareholders.

The Share Buyback will only be undertaken if it can benefit the Company and the Shareholders. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to the Maximum Percentage, the Company may not necessarily purchase or acquire, or be able to purchase or acquire, the Maximum Percentage. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the orderly trading and listing status of the Shares on the SGX-ST, the liquidity and capital adequacy positions of the Company or the Group as a whole.

It should be noted that there is no assurance that the purchase or acquisition of Shares under the Share Buyback Mandate will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained over the long term.

2.2. Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Listing Manual and such other laws and regulations as may for the time being, be applicable. Paragraph 58A of the Constitution expressly permits the Company to purchase or otherwise acquire Shares issued by it on such terms as the Company may think fit and in the manner prescribed by applicable laws and the Listing Manual. It is also a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval at a general meeting of its shareholders.

Accordingly, approval is being sought from Shareholders at the forthcoming AGM for the renewal of the Share Buyback Mandate for the purchase by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the passing of the relevant resolution until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

LETTER TO SHAREHOLDERS

2.3. Terms of the Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below.

2.3.1. *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

Pursuant to Rule 882 of the Listing Manual and Section 76B of the Companies Act, the total number of Shares that may be purchased or acquired shall not exceed 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the AGM at which the Share Buyback Mandate is approved, unless: (i) the Company has, at any time during the relevant period, reduced its share capital by a special resolution under Section 78C of the Companies Act; or (ii) the court has, at any time during the relevant period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event, the total number of issued Shares excluding treasury shares and subsidiary holdings shall be taken to be the total number of issued Shares excluding treasury shares and subsidiary holdings as altered by the special resolution of the Company or the order of the Court, as the case may be (the “**Maximum Percentage**”). Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, based on the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company of 127,883,416 Shares as at the Latest Practicable Date, and assuming that prior to the AGM:

- (a) no further Shares are issued; and
- (b) the Company does not reduce its share capital,

not more than 12,788,341 Shares (representing the Maximum Percentage as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

As at the Latest Practicable Date, the Company does not hold any treasury shares nor does any of its subsidiaries hold any subsidiary holdings.

2.3.2. *Duration of Authority*

Purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the AGM at which the Share Buyback Mandate is renewed up to the earliest of:

- (a) the date on which the next AGM of the Company is held or required by law or the Constitution to be held, whichever is earlier;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

The Share Buyback Mandate may be renewed at each AGM or other general meeting of the Company. When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchase or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

LETTER TO SHAREHOLDERS

2.3.3. *Manner of Purchases or Acquisition of Shares*

Pursuant to Rule 882 of the Listing Manual, purchases or acquisitions of Shares by the Company may only be made by way of:

- (a) on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed ("**Market Acquisitions**"); and/or
- (b) off-market acquisitions in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Acquisitions**").

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Constitution, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under Section 76C(6) of the Companies Act, an equal access scheme must satisfy all the following conditions:

- (1) offers for the purchase or acquisition of issued Shares under the scheme shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (2) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (3) the terms of all the offers are the same, except that there shall be disregarded:
 - a. differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
 - b. (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - c. differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 885 of the Listing Manual provides that, in making Off-Market Acquisitions, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buyback;
- (iv) the consequences, if any, of the Share Buyback by the Company that will arise under the Take-Over Code or other applicable take-over rules;
- (v) whether the Share Buyback, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any Share Buyback made by the Company in the previous 12 months (whether Market Acquisitions or Off-Market Acquisitions in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

LETTER TO SHAREHOLDERS

2.3.4. *Maximum Purchase Price*

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Acquisition, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Acquisition pursuant to an equal access scheme, 120% of the Average Closing Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares traded on the SGX-ST over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Acquisition by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Acquisition, and deemed to be adjusted for any corporate action that occurs during the relevant five-Market Day period and the day on which the Market Acquisition is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Acquisition; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Acquisition.

The Listing Manual restricts a listed company from purchasing Shares by way of Market Acquisitions at a price per Share which is more than 5% above the Average Closing Price.

The Company has set a cap of 20% above the Average Closing Price as the maximum price for a Share to be purchased or acquired by way of Off-Market Acquisitions.

2.4. **Status of Purchased Shares under the Share Buyback Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with Section 76H of the Companies Act. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time. The total number of issued Shares will be diminished by the number of Shares purchased or acquired out of the capital of the Company which are not held as treasury shares and the amount of the share capital of the Company shall be reduced accordingly.

All Shares purchased or acquired by the Company (unless held as treasury shares by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

2.5. **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

LETTER TO SHAREHOLDERS

2.5.1. Maximum Holdings

As the Company only has shares of one class, the number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2. Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares and any purported exercise of such a right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3. Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6. **Source of Funds for Share Buyback**

The Company may purchase or acquire its own Shares out of capital as well as from its profits, in accordance with the Constitution and applicable laws. It may use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Company would be materially adversely affected. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company, and the prevailing market conditions.

LETTER TO SHAREHOLDERS

2.7. Financial Effects of the Share Buyback Mandate

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases of Shares that may be made pursuant to the Share Buyback Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Purely for illustrative purposes only, and based on the assumptions set out below:

- (a) based on 127,883,416 Shares in issue as at the Latest Practicable Date (the Company does not hold any treasury shares and subsidiary holdings) and assuming no further Shares are issued and the Company does not hold any treasury shares and subsidiary holdings on or prior to the AGM, not more than 12,788,341 Shares (representing the Maximum Percentage as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;
- (b) in the case of Market Acquisitions by the Company and assuming that the Company purchases or acquires 12,788,341 Shares at the Maximum Price of S\$0.547 for one Share (being the price equivalent to 105% of the Average Closing Price), the maximum amount of funds required for the purchase or acquisition of 12,788,341 Shares (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is approximately S\$6,995,000;
- (c) in the case of Off-Market Acquisitions by the Company and assuming that the Company purchases or acquires 12,788,341 Shares at the Maximum Price of S\$0.625 for one Share (being the price equivalent to 120% of the Average Closing Price), the maximum amount of funds required for the purchase or acquisition of 12,788,341 Shares (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is approximately S\$7,993,000;
- (d) the consideration for the purchase or acquisition of Shares is financed entirely by internal resources of the Company;
- (e) the purchase or acquisition of Shares took place at the beginning of FY2022 on 1 January 2022; and
- (f) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of the:

- (i) Market Acquisition of 12,788,341 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and held as treasury shares;
- (ii) Market Acquisition of 12,788,341 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and cancelled;
- (iii) Off-Market Acquisition of 12,788,341 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and held as treasury shares; and

LETTER TO SHAREHOLDERS

- (iv) Off-Market Acquisition of 12,788,341 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2022 are set out in the following pages.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Appendix.

2.7.1. Market Acquisitions made entirely out of capital and held as treasury shares

	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
As at 31 December 2022				
Share capital (S\$'000)	71,838	71,838	71,838	71,838
Shares held in treasury (S\$'000)	–	(6,995)	–	(6,995)
Shareholders' equity (S\$'000)	153,387	146,392	91,582	84,587
NTA (S\$'000)	153,387	146,392	91,582	84,587
Current assets (S\$'000)	84,894	77,899	3,782	3,782
Current liabilities (S\$'000)	78,765	78,765	2,374	2,374
Working capital (S\$'000)	6,129	(866)	1,408	1,408
Total borrowings (S\$'000)	51,359	51,359	2,989	2,989
Cash and bank balances	20,058	13,063	2,380	2,380
Number of Shares (excluding treasury shares) ('000)	129,517	116,729 ⁽¹⁾	129,517	116,729 ⁽¹⁾
Number of treasury shares ('000)	–	12,788	–	12,788
Weighted average number of shares ('000)	130,832	118,044	130,832	118,044
Financial Ratios				
NTA per share ⁽²⁾ (cents)	118.43	125.41	70.71	72.46
Basic EPS ⁽³⁾ (cents)	14.23	15.77	5.65	6.26
Gearing ⁽⁴⁾ (%)	0.33	0.35	0.03	0.04
Current ratio ⁽⁵⁾ (times)	1.08	0.99	1.59	1.59

Notes:

- (1) Number of Shares excludes 12,788,341 Shares that have been assumed to be held as treasury shares.
- (2) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2022.
- (3) EPS has been computed based on FY2022 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (4) Gearing has been computed based on total borrowings divided by Shareholders' equity.
- (5) Current ratio represents the ratio of current assets to current liabilities.

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2.7.2. *Market Acquisitions made entirely out of capital and cancelled*

	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
As at 31 December 2022				
Share capital (S\$'000)	71,838	64,843	71,838	64,843
Shares held in treasury (S\$'000)	–	–	–	–
Shareholders' equity (S\$'000)	153,387	146,392	91,582	84,587
NTA (S\$'000)	153,387	146,392	91,582	84,587
Current assets (S\$'000)	84,894	77,899	3,782	3,782
Current liabilities (S\$'000)	78,765	78,765	2,374	2,374
Working capital (S\$'000)	6,129	(866)	1,408	1,408
Total borrowings (S\$'000)	51,359	51,359	2,989	2,989
Cash and bank balances	20,058	13,063	2,380	2,380
Number of Shares (excluding treasury shares) ('000)	129,517	116,729	129,517	116,729
Number of treasury shares ('000)	–	–	–	–
Weighted average number of shares ('000)	130,832	118,044	130,832	118,044
Financial Ratios				
NTA per share ⁽¹⁾ (cents)	118.43	125.41	70.71	72.46
Basic EPS ⁽²⁾ (cents)	14.23	15.77	5.65	6.26
Gearing ⁽³⁾ (%)	0.33	0.35	0.03	0.04
Current ratio ⁽⁴⁾ (times)	1.08	0.99	1.59	1.59

Notes:

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2022.
- (2) EPS has been computed based on FY2022 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing has been computed based on total borrowings divided by Shareholders' equity.
- (4) Current ratio represents the ratio of current assets to current liabilities.

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2.7.3. Off-Market Acquisitions made entirely out of capital and held as treasury shares

	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
As at 31 December 2022				
Share capital (S\$'000)	71,838	71,838	71,838	71,838
Shares held in treasury (S\$'000)	–	(7,993)	–	(7,993)
Shareholders' equity (S\$'000)	153,387	145,394	91,582	83,589
NTA (S\$'000)	153,387	145,394	91,582	83,589
Current assets (S\$'000)	84,894	76,901	3,782	3,782
Current liabilities (S\$'000)	78,765	78,765	2,374	2,374
Working capital (S\$'000)	6,129	(1,864)	1,408	1,408
Total borrowings (S\$'000)	51,359	51,359	2,989	2,989
Cash and bank balances	20,058	12,065	2,380	2,380
Number of Shares (excluding treasury shares) ('000)	129,517	116,729 ⁽¹⁾	129,517	116,729 ⁽¹⁾
Number of treasury shares ('000)	–	12,788	–	12,788
Weighted average number of shares ('000)	130,832	118,044	130,832	118,044
Financial Ratios				
NTA per share ⁽²⁾ (cents)	118.43	124.56	70.71	71.61
Basic EPS ⁽³⁾ (cents)	14.23	15.77	5.65	6.26
Gearing ⁽⁴⁾ (%)	0.33	0.35	0.03	0.04
Current ratio ⁽⁵⁾ (times)	1.08	0.98	1.59	1.59

Notes:

- (1) Number of Shares excludes 12,788,341 Shares that have been assumed to be held as treasury shares.
- (2) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2022.
- (3) EPS has been computed based on FY2022 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (4) Gearing has been computed based on total borrowings divided by Shareholders' equity.
- (5) Current ratio represents the ratio of current assets to current liabilities.

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2.7.4. Off-Market Acquisitions made entirely out of capital and cancelled

	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
As at 31 December 2022				
Share capital (S\$'000)	71,838	63,845	71,838	63,845
Shares held in treasury (S\$'000)	–	–	–	–
Shareholders' equity (S\$'000)	153,387	145,394	91,582	83,589
NTA (S\$'000)	153,387	145,394	91,582	83,589
Current assets (S\$'000)	84,894	76,901	3,782	3,782
Current liabilities (S\$'000)	78,765	78,765	2,374	2,374
Working capital (S\$'000)	6,129	(1,864)	1,408	1,408
Total borrowings (S\$'000)	51,359	51,359	2,989	2,989
Cash and bank balances	20,058	12,065	2,380	2,380
Number of Shares (excluding treasury shares) ('000)	129,517	116,729	129,517	116,729
Number of treasury shares ('000)	–	–	–	–
Weighted average number of shares ('000)	130,832	118,044	130,832	118,044
Financial Ratios				
NTA per share ⁽¹⁾ (cents)	118.43	124.56	70.71	71.61
Basic EPS ⁽²⁾ (cents)	14.23	15.77	5.65	6.26
Gearing ⁽³⁾ (%)	0.33	0.35	0.03	0.04
Current ratio ⁽⁴⁾ (times)	1.08	0.98	1.59	1.59

Notes:

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2022.
- (2) EPS has been computed based on FY2022 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing has been computed based on total borrowings divided by Shareholders' equity.
- (4) Current ratio represents the ratio of current assets to current liabilities.

The financial effects set out above are for illustrative purposes only. Although the Share Buyback Mandate would authorise the Company to purchase up to the Maximum Percentage, the Company may not necessarily purchase or acquire, or be able to purchase or acquire, the Maximum Percentage. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

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2.8. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a Share Buyback by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9. Listing Manual

2.9.1. *Free Float*

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, approximately 46.69% of the issued ordinary share capital of the Company are held in the hands of 6,338 public shareholders. Assuming that the Company repurchased the Maximum Percentage as at the Latest Practicable Date from members of the public by way of a Market Acquisition, the percentage of the issued ordinary share capital of the Company held by the public would be approximately 40.76%.

The Directors will ensure that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will not have any effect on the listing status of the Shares on the SGX-ST, or on the orderly trading of the Shares. Before undertaking any such purchase or acquisition, the Directors shall at all times take due cognisance of:

- (a) the then shareholding spread of the Company in respect of the number of Shares held by Substantial Shareholders and by non-Substantial Shareholders; and
- (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Shares purchase.

2.9.2. *Reporting Requirements*

Within 30 days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Directors shall lodge a copy of such resolution with the Registrar. The Directors shall notify the Registrar within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition including the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other information as required by the Companies Act.

Additionally, the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST:

- (a) in the case of a Market Acquisition, by 9.00 am on the Market Day following the day on which it purchased shares; and
- (b) in the case of an Off-Market Acquisition under an equal access scheme, by 9.00 am on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

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The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.9.3. Dealing in Shares

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive or trade-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive or trade-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual:

- (a) where the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its FY, and one month before the announcement of the Company’s full year financial statements, and ending on the date of the announcement of the relevant financial statements; or
- (b) where the Company does not announce its quarterly financial statements, one month before the announcement of the Company’s half year and full year financial statements, and ending on the date of the announcement of the relevant financial statements.

2.10. **Take-Over Obligations**

Appendix 2 of the Take-Over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.10.1. Obligation to make a Take-Over Offer

When the Company buys back its shares, any resulting increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him will be treated as an acquisition for the purpose of Rule 14 of the Take-Over Code. Consequently, a Shareholder or group or Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

2.10.2. Persons Acting in Concert

Under the Take-Over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, and any company whose associated companies include any of the aforesaid companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) A company with any of its pension funds and employee share schemes;
- (d) A person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) A financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) Partners; and
- (h) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-Over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-Over Code.

2.10.3. Effect of Rule 14 and Appendix 2 of the Take-Over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-Over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate unless so required by the Companies Act.

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2.11. Application of the Take-Over Code

Based on substantial shareholding notifications received by the Company under Part 7 of the Securities and Futures Act as at the Latest Practicable Date, there are no persons who may incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-Over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

2.12. Shares Purchased by the Company

As at the Latest Practicable Date, the Company had, pursuant to and in accordance with the terms of the Share Purchase Mandate approved at its 2022 AGM, purchased an aggregate of 2,977,200 Shares by way of Market Purchases effected on the SGX-ST. The highest and lowest price paid was S\$0.625 and S\$0.50 per Share respectively and the total consideration paid for all purchases was S\$S\$1,746,000 excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders (both direct and deemed) in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings of the Company are set out in the Annual Report 2022.

4. ANNUAL GENERAL MEETING

The AGM will be held on 27 April 2023 at 11 a.m. at Merchant Court Ballroom, Lobby Level, Paradox Singapore Merchant Court at Clarke Quay, 20 Merchant Road, Singapore 058281 for the purpose of considering and, if thought fit, passing, with or without any modification(s), the ordinary resolutions set out in the Notice of AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed therein 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 or proxies by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy.

A depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the AGM.

6. DIRECTORS' RECOMMENDATION

Having fully considered, *inter alia*, the scope, rationale and the benefits of the Share Buyback Mandate, the Directors, having carefully considered the terms and rationale of the Share Buyback Mandate, are of the view that the Share Buyback Mandate is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate at the forthcoming AGM.

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7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution;
- (b) the audited consolidated financial statements of the Group for FY2022; and
- (c) the Annual Report 2022.

Yours faithfully,
For and on behalf of the Board of Directors of
THAKRAL CORPORATION LTD

Natarajan Subramaniam
Independent Non-Executive Chairman and Lead Independent Director