



THAKRAL CORPORATION LTD

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

ANNOUNCEMENT

REPLY TO SGX QUERIES REGARDING ANNUAL REPORT 2019

The Board of Directors (the “**Board**”) of Thakral Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 8 May 2020 in relation to the Group’s Annual Report for the financial year ended 31 December 2019 (the “**Annual Report**”) and appends its response in blue as follows:

SGX-ST Query (a)

Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. We note that the Company has complied with Listing Rule 1207(10C).

In addition, we would appreciate if the Company could provide information on the relevant experience of the accounting firm and engagement team; and provide information on whether the head of the internal audit function team has the relevant experience and qualifications.

Company’s Response to SGX-ST Query (a)

As set out on page 64 of the Annual Report, the internal audit function is outsourced to Ruihua Certified Public Accountants, Shanghai and functions in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

The relevant experience and qualifications of the accounting firm and engagement team are set out below:

Name and background of Firm:	Ruihua Certified Public Accountants (Ruihua) Ruihua is one of the top 10 accounting firms in China with official practicing license covering securities related financial institutions with core service in auditing and assurance services. Ruihua operates out of 41 offices located in major economic regions across China. It has over 9,000 staff, among which 2,600 are CPAs and 27 are nationally-recognized industry leaders. Ruihua has over 300 partners with many of them holding expert consultant position in the Ministry of Finance, CSCR, SASAC and CICPA. Ruihua’s clients include more than 40 state-owned enterprises which are under direct control of SASAC, such as the State Grid, CASIC, COSCO, DFM, CITS, SNPTC, etc., and hundreds of listed companies
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	such as CSIC, Huayi Brothers and Hisense.
Head of Internal Audit particulars:	The Head of Internal Audit holds a Certified Internal Auditor ('CIA') and Bachelor of Economics qualifications and is a partner at Ruihua. He has 15 years of extensive experience in the fields of risk management, IT compliance advisory, internal audit, internal control advisory and business re-engineering. His current clients include the China subsidiaries/entities of Sonepar, Earthasia, Unisoc, eHi Car Service, Wuxi AppTec, Agape Superior Living, China State Shipbuilding, Huabao Securities and Hentai Securities. Prior to joining Ruihua, he was a senior manager at Protiviti in Shanghai where he provided SOX compliance (IT and non-IT), ERP system application effectiveness, business process optimization, internal audit and IT audit services to valued clients. He became senior management of Protiviti China in 2011 and was involved in the provision of C-SOX services. His major clients included the China entities of Macquarie Capital, Johnson & Johnson, Bain Capital, Baring, Siemens, DHL, Sealed Air, Tata-Group, L-Capital, Seven Network Group, Navis Capital, MIH Group, Berlinwasser, Odyssey Investment Partners, Rodman & Renshaw.
Engagement team particulars:	The Head of Internal Audit is assisted by an Internal Audit Manager and a Senior Internal Auditor. The Internal Audit Manager holds CIA, CISA (Certified Information Systems Auditor) and Bachelor of Information Management and Information Systems qualifications and has over 5 years' extensive experience in the fields of internal audit, internal control advisory, IT audit and IT compliance advisory. Prior to joining Ruihua, she worked at an electronic commerce company that engaged in online trading business, where she worked in the internal audit department as a senior auditor focused on compliance and fraud audit of online transactions. The Senior Internal Auditor is working towards her CIA qualification, holds a Bachelor of Accounting degree and has over 3 years of experience in the fields of internal audit, internal control advisory, including assisting international clients to improve their internal control system and reduce risk, enhancing management policies and procedures.

The partner heading the internal audit function and the team members have the relevant experience and qualifications to conduct the internal audit of the Group companies.

SGX-ST Query (b)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), the provision from which it had varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

- i) We note that the Company had complied with Provision 2.4 in stating the Company’s Board Diversity Policy on Page 48. However, it had not fully complied with Provision 2.4 of the Code as the Company had not disclosed progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify the provision from which the Company had varied, an explanation for the reason for variation and how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company’s Response to SGX-ST Query (b)

As stated on page 48 of the Annual Report, the Board Diversity Policy has been put in place with the objective to reinforce the need for diversity which reflects the real world and divergent backgrounds that brings different points of view to the table on the matter under discussion and foster productive debate.

In achieving an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity among the directors is maintained, (i) current Board members possess a range of core competencies; (ii) the three independent non-executive directors have accounting and financial expertise as well as diversified and extensive business proficiency and capability; (iii) the two executive directors have business and industry knowledge essential for leading and managing the Group’s operations and (iv) the non-independent non-executive director with over 6 years of experience on the Board, is well versed in strategy consultancy and has vast business exposure and network, will bring valuable contribution to the Board and add new views and visions from a different generation.

On gender diversity, while the Board is firmly supportive of the principle, it takes the view that Board appointments should be based on merit, suitability, ability to contribute effectively and availability, rather than on gender alone. Considering the nature of the Group’s core businesses, the Board is satisfied that the size and composition of the Board and its Board Committees are appropriate at present. Gender diversity will be an important criteria under consideration when a vacancy on the Board is to be filled in future.

In terms of appropriate level of independence, as indicated on page 47, the Board currently consists of six directors of whom three are independent and non-executive, two are executive and one is non-independent non-executive. Non-executive directors make up a majority of the Board. There is an appropriate level of independence on the

Board, with independent directors constituting half of the Board. No individual or group of individuals dominates the Board's decision-making process. Board members possess a range of core competencies in accounting, finance, business management, industry and market knowledge that provide effective direction for the Group. Representations from its controlling shareholder coupled with the independent element on the Board – comprising business leaders and professionals with a diversity of knowledge and experience – enables objective exercise of commercial judgment and provides appropriate checks and balances on Management's decisions.

The Board is therefore satisfied that there is an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

On behalf of the Board

Natarajan Subramaniam
Independent Non-Executive Chairman and Lead Independent Director

Singapore, 11 May 2020