THAKRAL CORPORATION LTD
(Co. Reg. No. 199306606E)

NEWS RELEASE

Thakral Corp reports net profit of S$18.5 million and revenue of S$535 million in FY2005

- **Proposes dividend payout of 0.6 cent per share**
- **Continues to strengthen financial position with total debt-to-equity ratio further improving to 16%**
- **Reaped gains of S$2.7 million from partial sale of shares in Gateway Distriparks Limited's IPO in India**

SINGAPORE, 19 May 2005 – MAINBOARD-LISTED Thakral Corporation Ltd (Thakral Corp) today posted a net profit of S$18.5 million on Group turnover of S$535.3 million, up one per cent for the full-year ended 31 March 2005. Its EPS (earnings per share) for the year is 1.23 cents while its NAV (net asset value) increased from 11.23 cents to 11.46 cents.

The rise in Group turnover came despite the absence of revenue contribution from its former subsidiaries Beijing Wenlu and China Express Associates, which were divested during the financial year. Excluding this contribution, Group turnover would have increased by 4.2% compared to the previous financial year.

Group net profit of S$18.5 million, which is 18% lower than the previous financial year, reflected the reduced gross profits from its property development unit in Wujiang, its Home Entertainment (HE) and DVR security cards units. And additionally, advertising and promotion expenses of S$1.6 million were incurred on building the group's own 'YES' brand.

The Group's balance sheet strengthened in the past 12 months. Proceeds from a private share placement helped to boost its cash balance from S$42.1 million to S$61.3 million. With a reduction in total borrowings from S$44.8 million to S$32.3 million, the Group's total debt to equity ratio improved further from 27% to 16%. As at 31 March 2005, the Group's net cash position improved from negative S$2.7 million in the previous financial year to positive S$29.0 million.

In view of its positive performance in 2005 and better financial position, the Board is recommending a final one-tier tax-exempt dividend of 0.6 cents per share to reward shareholders for their confidence and continued support of Thakral. This dividend will be subject to shareholders' approval at the coming Annual General Meeting.

"The Group's positive performance reflects the successful steps taken by the management to strengthen the Group's core competencies in marketing and brand-building as well as sharpening our competitive edge by streamlining work processes, improving overall efficiency and productivity. While we have increased our expenses to enhance our marketing and brand building activities, we have gained tremendously from our stronger market position and branding expertise. Despite our divestment of two subsidiaries, we have managed to increase our turnover. We are also pleased to report that our foresight in investing in India has paid off. The Group realised gains of S$2.7 million from the partial disposal of shares in Gateway Distriparks Limited when the company was listed in India earlier this year," said Thakral Corp's Managing Director Mr Inderbethal Singh Thakral. Thakral Corp intends to hold the remaining 6,678,000 shares (book value of INR7.50 per share and representing 8.9% of the enlarged share capital of GDL) as a long term strategic investment.

Segmental contributions

In terms of segmental contribution, the Group's mainstay business of trading and distribution of consumer electronics products reported higher revenue of S$503 million for the year ended March 31, 2005 against S$484 million previously. Excluding the revenue contribution by China Express Associates in the previous year, growth for the current year was 7%.

Profit for this segment declined to S$27.9 million from S$37.2 million in the previous financial year. This was due mainly to the absence of a one-off other operating income of S$2.3 million, which was realised in the previous period as well as higher operating expenses.

The Electronic Manufacturing Services (EMS) Division continued to reduce its losses and is expected to perform better this year. It reported revenues of S$16 million and cut its operational losses significantly by S$5.2 million to S$2.5 million through improved capacity utilisation and a strong focus on enhancing gross margins.

The Home Entertainment Division reported revenues of S$13 million and incurred a loss of S$3 million. Restructuring plans of cost reduction, inventory clearance of this unit is underway, in addition to restructuring, the Group also plans to expand its distribution network. Using the learning and expertise developed over the years from this division, the group has started to integrate the supply chain, and brand building expertise as well as marketing expertise.

Going Forward

While market conditions in China, one of the Group's major markets, will remain challenging, the Group is optimistic of improved business operations in the country. The Group intends to set up a China holding company and expand its operations in China. Following the necessary regulatory approvals, the Group's operational headquarters will move to Shanghai. The Group also targets to expand its network of retailers in China within the next 3 to 4 years in China to 8,000 to 10,000 and integrate its business operations this year to better reflect its core competence in global supply chain management and as a brand building and development specialist.

"We will leverage on the immense growth opportunities in China, in view of the impending reduction of import duties. Consumer demand in China, the world's largest consumer market, is strong - especially in digital electronics - as the Chinese population grows in affluence and technological sophistication. With the planned shift of our corporate headquarters to Shanghai later this year, we believe that our competitive position in this market will be further strengthened. Our enhanced branding and marketing activities and our strategic partnership with NYSE-listed China Yuchai International Limited (***CYI***), a subsidiary of SGX-mainboard listed Hong Leong Asia Ltd, will stand us in good stead as we forge ahead with our expansion plans in China," said Mr Inderbethal Singh Thakral.

In addition to the PRC, the Group is also exploring more opportunities in other fast-growing emerging Asian markets such as India and Indo-China. The Group is looking to expand its marketing and branding activities for Apple iPods and other brands in Vietnam and India.

About Thakral Corp

Thakral Corp ("Thakral"), listed on the Mainboard of the SGX since December 1995, is a specialist in Supply Chain Management, Brand Building and Development. The Group is also involved strategically in contract manufacturing, as well as logistics and property.

Thakral's extensive brand portfolio includes global leaders such as Panasonic, Apple, Orion, Sharp, Creative, IBM, Disney, Paramount and BBC. Some of the major products that Thakral markets under these brand names include digital video cameras, digital still cameras, audio products including MP3 players, DVDs, plasma TVs and notebook computers.

In addition to being an established long-term partner of these global brand names, Thakral has also successfully created and marketed trendy consumer products under its own brand name - "YES" which has a range of MP3 players and accessories compatible with iPod, LCD TVs and memory cards.

The Group, currently headquartered in Hong Kong, will be shifting its operational headquarters this year to Shanghai in order to be closer to its biggest market.

The People's Republic of China and Hong Kong continue to be the Groups' two key markets. The Group also intends to grow its presence in India and Indo-China where demand for consumer electronics is increasing at a rapid pace.

Issued on behalf of Thakral Corp Ltd

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