

ANNUAL REPORT

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THE HOURS GLASS LIMITED





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“The Hour Glass . . . continually evolving to create a unique lifestyle experience”





DANIEL ROTH

EXECUTIVE CHAIRMAN

Dr Henry Tay Yun Chwan

MANAGING DIRECTOR

Mdm Chan Siew Lee (Dr Jannie Tay)

DIRECTORS

Mr Timothy Chia Chee Ming
Mr Michael Kwee Chong-Kok
Mr Owen Phillimore Howell-Price
Mr Sydney Michael Hwang
Mr Robert Tan Kah Boh (appointed on 18.11.1999)

COMPANY SECRETARY

Ms Christine Chan Meng Yook

REGISTERED OFFICE

302 Orchard Road
#11-01 Tong Building
Singapore 238862
Tel 787 2288

REGISTRAR

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Tel 536 5355

“The strength of our Singapore headquarters is a solid foundation for our asia-pacific expansion plans.”

GERALD GENTA



**AUDIT COMMITTEE
CHAIRMAN**

Mr Timothy Chia Chee Ming

Mr Michael Kwee Chong-Kok
Mr Owen Phillimore Howell-Price
Dr Henry Tay Yun Chswan
Mr Robert Tan Kah Boh

AUDITORS

Ernst & Young - Mr Gerard Ee, Audit Partner

PRINCIPAL BANKERS

The Development Bank Of Singapore Ltd
The Hongkong & Shanghai Banking Corporation Ltd
Keppel Bank Of Singapore Ltd

SOLICITORS

Allen & Gledhill
Helen Yeo & Partners

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2000 marks a turning point for The Hour Glass.

Group turnover increased 16.4% from \$244 million to \$284 million. The higher turnover of \$40 million was derived mainly from Singapore where The Hour Glass and Mondial Jewellers registered growth of 22.5% and 66.7% respectively over the prior year. These increases were underpinned by productivity gains achieved through the reorganisation of the retail team, a dedicated focus on improving inventory management systems and merchandise mix, implementation of tighter pricing controls, a more positive economic outlook and a recovery in consumer confidence in the region.

Notwithstanding the higher turnover, the Group reported an operating loss of \$2.7 million compared with a loss of \$7.6 million for the prior year. The losses were mainly attributable to the Swiss subsidiaries amounting to \$11.4 million (1999: \$10.2 million). Excluding the Swiss manufacturing losses, the Group would have generated an operating profit of \$8.7 million (up from \$2.6 million in 1999). The improvements in the Group's operating profit stemmed principally from the higher turnover referred to above and lower Group operating expenses in rental, selling and overheads.

Subsequent to the end of the financial year, The Hour Glass has completed the divestment of all its shareholdings in Gerald Genta S.A., Daniel Roth S.A., and MHH Manufacture de Haute Horlogerie S.A. ("the Swiss Group") to Bvlgari International Corporation N.V., ("Bvlgari") a wholly owned subsidiary of Bvlgari S.p.A..

As part of this divestment programme, The Hour Glass entered into a commercial partnership with Bvlgari in the form of a profit sharing arrangement in respect to the Swiss Group for the next 7 years and by continuing as a distributor for Gerald Genta and Daniel Roth watches for the Asia Pacific region, including Japan.

With the above transaction, the Board is pleased to report the completion of the restructuring exercise in Europe.

I am also happy to note that our asset backing per share, at 83.3 cents as at 31st March 2000 would be 92.6 cents per share after adjusting for divestment of the Swiss Group to Bvlgari.

SINGAPORE

As stated earlier, The Hour Glass and Mondial Jewellers in Singapore achieved higher turnover for the year. In the case of The Hour Glass, this had the effect of increasing operating profit to \$4.5 million from \$2.8 million in the prior year (excluding management fees of \$2.3 million in that year). As for Mondial Jewellers, the profit for the year was \$0.7 million.

Management expects the recovery in the economy to continue albeit at a slower pace. Though overall growth in turnover and profitability has been commendable for the past year, stock market volatility and a softening in business sentiment may result in reducing consumer confidence. However, with the continuation of process and systems improvements, management expects results to reflect productivity gains in the coming year.

MALAYSIA

The opening of a second watch boutique in KLCC in May 1999 was a contributing factor towards The Hour Glass Sdn Bhd's achievement of record turnover and profit before tax of \$18.5 million and \$1.6 million respectively.

The Malaysian domestic market for luxury watches is still in a developmental stage. Nevertheless, management believes that with an increased investment in marketing activity, together with initiatives taken to bolster the recruitment and training processes within the company, the growth potential for The Hour Glass Malaysia is encouraging.

AUSTRALIA

The Watch Gallery continues to perform well and in the past two years has proven to be a significant contributor to the Group's earnings. Turnover improved by 8.2% compared with the prior year. Tighter control also saw operating expenses dropping by 6%. Together, they resulted

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With lessons learnt from the past, we move forward with confidence, taking the necessary steps to drive towards ever improving efficiency and scouting for new opportunities.”



in profit before tax increasing by 30.6% to \$4 million.

The introduction of a 10% GST to replace the 22% sales tax may result in an increasingly competitive retail watch landscape.

Management anticipates that turnover may be affected by this trend in the short term.

HONG KONG

In June 1999, the Swiss Union Watch Company (the retail arm of The Hour Glass) moved from its location of five years on Nathan Road, to another prestigious site in the Kowloon Hyatt Regency Hotel to take advantage of lower rental costs. This move contributed to significant improvement in its turnover and profit for the year.

Together with The Hour Glass Hong Kong Ltd. and Gerald Genta (HK) Ltd., the profit for the Hong Kong Group was \$1.5 million, compared with a loss of \$0.2 million in the prior year.

Management believes that with increased advertising and promotions, there is a potential for development in North Asia, especially in the Taiwanese and Korean markets.

THAILAND

Having completed its first financial year under the sole management of the parent company in Singapore, The Hour Glass Thailand increased its turnover by more than 3 times from \$0.5 million to \$1.8 million and made a small profit. This follows the recovery of the Thai market, arising in part from the reduction of import taxes on luxury goods from 30% to 5% which encouraged retail consumption.

JAPAN

The Hour Glass Japan took over the distribution of the Gerald Genta watch brand from the existing distributor in December 1999 and is now marketing both Gerald Genta and Daniel Roth watches in the Japanese market. Net turnover for the year fell by 5.7% primarily due to the problems of obtaining deliveries on a timely basis. Consequently, the subsidiary recorded only a small profit for the year.

Despite the sluggish domestic performance of the economy, industry statistics indicate that the market for luxury goods in Japan is poised to turnaround.

USA

The Hour Glass USA reported poor turnover during the year and a loss of \$2.5 million. As part of the divestment programme, Bvlgari will take over the distribution in America. Hence, the US office will be closed and a provision of \$1.6 million has been charged as an extraordinary item in the accounts.

GENERAL OUTLOOK

Having released the Group from the financial and operational responsibilities of the watch manufacturing entities, and having realised net proceeds from this transaction of some \$20 million, The Hour Glass is well placed with a healthy balance sheet to expand its core business.

I would like to take this opportunity to thank my fellow members of the Board and all the staff of The Hour Glass Group for their perseverance, hardwork and faith in The Hour Glass during the past difficult year. To our suppliers, customers and business partners, I thank you for your support.

With lessons learnt from the past, we move forward with confidence, taking the necessary steps to drive towards ever improving efficiency and scouting for new opportunities. Barring any unforeseen circumstances, I expect to share with you a promising year ahead when the Group returns to profitability.

Henry Tay Yun Chwan

Executive Chairman • 10 August 2000

BOARD OF DIRECTORS



Dr Henry Tay Yun Chwan is the Executive Chairman of The Hour Glass Limited. Dr Tay is responsible for charting the Group's overall direction and corporate strategy. He has held his current position since 1987. In addition, Dr Tay serves as the Chairman of several business entities, including Burberry's Singapore, Hong Kong and Australia. He is also a Board member of the Singapore Tourist Promotion Board and Kay Hian Holdings Limited. Dr Tay is also the President of the Hong Kong-Singapore Business Association, Patron of The Singapore Kennel Club, Vice Chairman of Community Chest, Co-Chairman of the Share Programme and the Singapore Medical Associations. Dr Tay, an animal lover unwinds while playing catch with his pet dogs.

Dr Jannie Tay has served as the Managing Director of The Hour Glass since the company's formation in 1979. In this role, she has been responsible for directing the business development and marketing strategy that has driven the company's growth from a one-boutique retail operation into a regional player today. Dr Tay is currently the President of the Singapore Retailers Association and Asean Business Forum. She was the former President of the International Women's Forum and Women for Women Association-Singapore. Dr Tay also sits on the Women's Leadership Board of John F. Kennedy School of Government, Harvard University. In 1997, she was named as one of the 50 leading Woman Entrepreneurs of the World. Dr Tay is the Patron of YuHua Community Club Management Committee. A tireless worker for charitable causes, she is the former chairman of The School Management Committee of The Canossian School for the Hearing Impaired. Dr Tay now spends her leisure time ballroom dancing and painting at home.

Mr Timothy C.M. Chia joined the Board in 1987 and is a Non-Executive Director. Mr Chia, President of Prudential Asset Management Asia Limited (PAMA) is responsible for Prudential Asia's private equity investments. PAMA has achieved a strong track record by acquiring a diversified portfolio of private equity investments throughout the Asia Pacific Region. Mr Chia's exemplary track record includes directorships in a varied number of public and private companies throughout Asia including Singapore Power Ltd, Gul Technologies Singapore Ltd, Laguna Resorts and Hotels Public Co. Ltd and Power Gas Ltd. Mr Chia is most at ease in the deep blue sea, pursuing his passion, scuba diving and fishing.

“The lifestyle of the board members epitomise The Hour Glass”



Mr Michael Kwee Chong-Kok joined the Board in 1987 and is a Non-Executive Director. He is the Chairman and Chief Executive Officer of Prudential Asset Management Asia Limited (PAMA). PAMA's recent achievements include the successful completion of two major buyouts in Singapore namely Delifrance Asia Ltd. and Inchcape Marketing Services Ltd which have since been privatized. Mr Kwee's public service includes serving as a member of the Advisory Committee on Legal Education in Hong Kong and the Hong Kong Financial Secretary's Economic Advisory Committee. Mr Kwee's involvement in thoroughbred racing and breeding dates from the early 80's.

Mr Sydney Michael Hwang joined the Board in 1993 and is a Non-Executive Director. At present, he is the Head of Litigation at the law firm of Messrs Allen & Gledhill, Singapore. Listed as one of Singapore's leading litigation lawyers as well as an international arbitrator, he is a member of the Board of Legal Education and a member of the Senate of the Singapore Academy of Law. An art aficionado himself, he has his work cut out for him as the Chairman of the Singapore Dance Theatre Limited.

Mr Owen Phillimore Howell-Price joined the Board in April 1994 and is a Non-Executive Director. As a former CEO of Woolworths Limited of Australia and in latter years CEO of Dairy Farm International Holdings Limited, he brings a wealth of retail experience to the Board. Now retired, his interests span directorships of a number of listed and private companies and he is General Counsellor in Asia to C.I.E.S. the Paris based International Business Forum. Apart from being a fervent Rugby follower, he enjoys spending time with his wife pursuing his passion for travel and exploring world heritage sites.

Mr Robert Tan Kah Boh joined the Board in November 1999 and is a Non-Executive Director. He was with Price Waterhouse (now known as PricewaterhouseCoopers), an international public accounting firm, for 28 years. He was also a senior partner before his retirement four years ago. He is a member of the Institute of Certified Public Accountants in Singapore and was a Fellow of the Institute of Chartered Accountants in England and Wales. Mr Tan is also a Board member of several public listed companies in Singapore. An avid golfer, he can be seen teeing off at leisure with friends on the weekends.



OUR RETAIL PHILOSOPHY

“Our team of professionally trained sales specialists consistently strives to offer an impeccable level of services synonymous with The Hour Glass' stellar style.”

As one of Asia's premier luxury watch retailing group, The Hour Glass is constantly seeking to improve on its value proposition to its customers. Twenty-one years ago, The Hour Glass introduced the concept of luxury watch retailing by showcasing products in a boutique style concept – a breakthrough in luxury goods retailing in that period.

In this new millennium, The Hour Glass is reinventing itself in the face of the speciality watch retail landscape, adopting a more sophisticated approach to luxury goods retailing based on an eclectic blend of contemporary and classical designs, tailored to meet the lifestyle needs of its target clientele base.

A significant amount of research was undertaken in creating a design concept which incorporates all key elements into the store whilst bearing the focus to create a store that was not just aesthetically pleasing, but customer friendly, operationally viable and sales oriented. Through this research, the team was able to identify key features that had to be incorporated in the newly refurbished boutique which includes; a private sales area, a convertible exhibition boulevard, wall mounted and high counter display showcases to encourage hassle free browsing and a flexible shop front showcase window. The key design component of this boutique is space management. This was achieved through removable displays, even lighting with support units for promotional materials were made available through adjustability, modularity, connectivity and disguised, inbuilt components.

Apart from these key features, customers can expect to have professionally trained staff, all of which have completed a number of intensive service orientated courses; primarily on product knowledge to even the art of gift wrapping. The Hour Glass brand of hospitality, attentiveness and in-depth knowledge of complicated watches, will leave you with an enriching experience. It is this very commitment made to service excellence that The Hour Glass hopes to achieve and maintain in raising the standard in the luxury watch retailing industry.

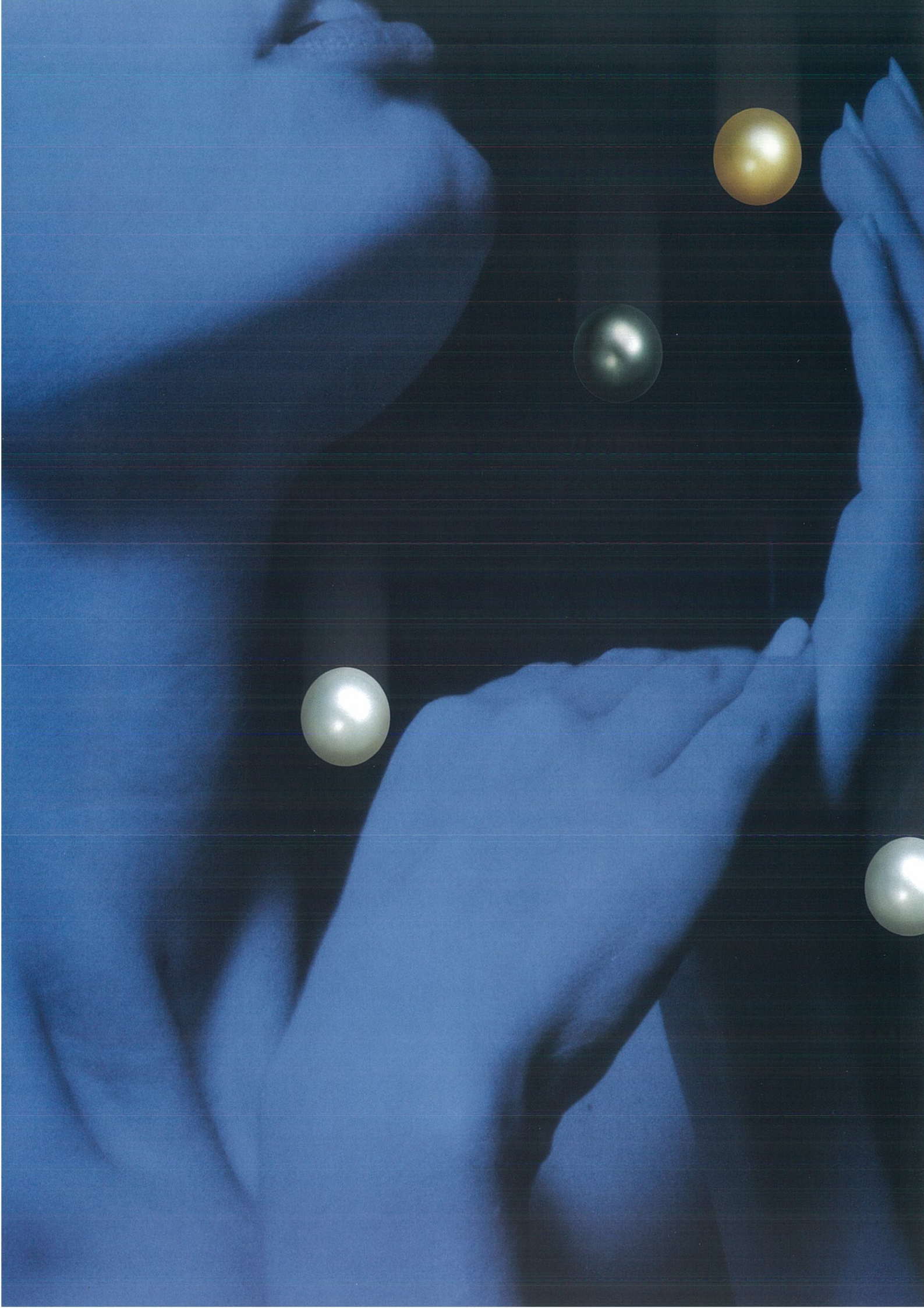
ULYSSE NARDIN

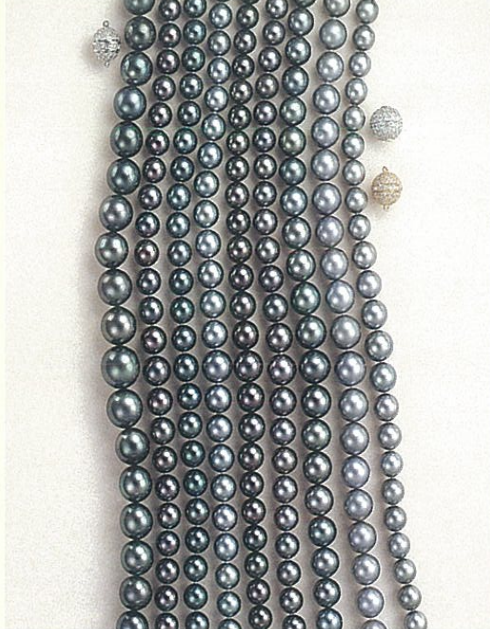



gérald genta


HARRY WINSTON
Rare Timepieces







OUR JEWELLERY DIVISION

“*Building on partnerships - The Hour Glass and John Glajz makes a success of Mondial Jewellers.*”

Mondial, Singapore's Premier Jeweller, has refined its collection of fine European jewellery featuring exceptional gemstones and lustrous South Sea Pearls in the latest designs.

Retail sales are strong due to its structured event marketing as well as the general uplift in the economy. The company holds two exhibition sales per year as well as separate diamond and South Sea pearl promotions in Singapore and the region.

The highlight of Mondial's innovative marketing efforts was a joint promotion with Christie's which was successful.

The company is performing well in the European, Australian, United States and Hong Kong markets with sales of South Sea Pearls, diamonds and exceptional jewellery items.

Mondial Jewellers has one of the largest South Sea Pearl collections in South East Asia and is now an advisory member of the international South Sea Pearl Consortium.

In view of Mondial's global customer base, it is reasonably insulated from any specific market's volatility.

Since the end of the financial year, the company has undertaken renovation of its premises with an enlarged retail space. This is reflective of a promising year ahead.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of holding company and the wholesaling and retailing of watches, jewellery and related products. The principal activities of the Group are those of investment holding companies, wholesalers and retailers of watches and jewellery, watch manufacturing, and investment in properties.

There have been no significant changes in the nature of these activities during the year.

RESULTS FOR THE FINANCIAL YEAR

	Group \$'000	Company \$'000
(Loss)/profit after taxation and minority interests	(8,298)	967
Extraordinary items, Note 9	566	(24,772)
Loss after taxation and extraordinary items	(7,732)	(23,805)
Transfer from revenue reserve	203	203
Dividends, less tax, Note 10	(203)	(203)
Loss for the year	(7,732)	(23,805)

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been affected by any item, transaction or event of a material and unusual nature other than the extraordinary items disclosed in Note 9 to the financial statements.

DIVIDENDS

During the year, a first and final dividend of 1%, less tax of 26% amounting to \$201,000 was paid by the Company in respect of the previous year as proposed in the Report of the Directors of that year.

The Directors are recommending a first and final dividend of 1%, less tax of 25.5% amounting to \$203,000 in respect of the financial year under review.

TRANSFERS TO/FROM RESERVES AND PROVISION

	Group \$'000	Company \$'000
The following amounts have been (debited)/credited to reserve during the financial year :		
Share premium account		
Premium on issue of ordinary shares	76	76
Revenue reserve		
Foreign currency translation reserve	(1,584)	(2,397)

There were no material transfers to or from provisions during the financial year except for normal amounts recognised as expense for such items as depreciation and amortisation and provisions for doubtful debts and income tax as shown in the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The names of the Directors of the Company in office at the date of this report are :-

Dr Henry Tay Yun Chwan	(Executive Chairman)
Mdm Chan Siew Lee	(Managing Director)
Mr Timothy Chia Chee Ming	
Mr Michael Kwee Chong-Kok	
Mr Owen Phillimore Howell-Price	
Mr Sydney Michael Hwang	
Mr Robert Tan Kah Boh	(appointed on 18.11.1999)

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company, as stated below :

Name of director	Shareholdings registered in the name of or beneficially held by directors		Shareholdings in which the directors are deemed to have an interest	
	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year
Ordinary shares of \$0.25 each				
Henry Tay Yun Chwan	4,972,625	4,972,625	56,502,062	56,502,062
Chan Siew Lee	1,170,750	1,170,750	56,502,062	56,502,062
Timothy Chia Chee Ming	61,875	61,875	-	-
Michael Kwee Chong-Kok	-	-	46,875	46,875
Owen Phillimore Howell-Price	100,000	100,000	-	-
Sydney Michael Hwang	40,000	40,000	30,000	30,000

There was no change in any of the abovementioned Directors' interests between the end of the financial year and 21 April 2000.

By virtue of Section 7 of the Companies Act, Cap. 50, Dr Henry Tay Yun Chwan and Mdm Chan Siew Lee are deemed to have interests in the shares of all the subsidiary companies of the Company.

No other Director of the Company who held office at the end of the financial year had an interest in any shares of the subsidiary companies of the Company.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 except those disclosed in Note 4 to the financial statements.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Company has adopted the Best Practices Guide with respect to the Audit Committee issued by the Singapore Exchange Securities Trading Limited.

The Audit Committee is chaired by Mr Timothy Chia Chee Ming, an independent director, and includes Mr Michael Kwee Chong-Kok, an independent director, Mr Owen Phillimore Howell-Price, an independent director, Mr Robert Tan Kah Boh, an independent director and Dr Henry Tay Yun Chwan, an executive director.

The Audit Committee held three meetings during the year. The Audit Committee has full access to and co-operation by the management. The external and internal auditors have unrestricted access to the Audit Committee. The Committee reviewed the following, where relevant, with the executive directors and the external auditors :

- (a) the audit plan of the external auditors, including the nature and scope of the audit before the audit commences;
- (b) audit report submitted by external auditors;
- (c) the evaluation of the Group's system of internal accounting controls;
- (d) the Group's financial and operating results;
- (e) the financial statements of the Company and the consolidated financial statements, of the Group before their submission to the Board of Directors and the external auditors' reports on those financial statements;
- (f) the co-operation given by the management to the external and internal auditors; and
- (g) the scope and results of internal audit procedures.

The Committee has recommended to the Board of Directors the re-appointment of Ernst & Young, Certified Public Accountants, as external auditors of the Company at the forthcoming Annual General Meeting.

INTERNAL CONTROLS

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Relevant procedures are in place to identify major business risks and evaluate potential financial effects. There are also procedures for the authorisation of capital expenditure and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business. Actual performance is compared with budgets periodically to monitor the Group's performance.

BEST PRACTICE CODE

The Company has adopted the Best Practices Guide of the Singapore Exchange Securities Trading Limited to provide guidance on the principles and best practices in corporate governance and dealings by the Company's directors and employees in its securities. The code of practice is applicable to the Group's :

- Directors (Executive and Non-Executive)
- Chief Financial Officer
- Division Heads
- Corporate Controller
- Accountants

YEAR 2000 ISSUE

The Group had a smooth transition into the Year 2000 and all operational and management information systems are performing satisfactorily. Hence, there was no adverse impact on the Group's performance and results arising from the Y2K issues.

SHARE CAPITAL

During the financial year, the Company issued 221,000 ordinary shares of \$0.25 each for cash at a premium of \$0.20 per share and 40,000 ordinary shares of \$0.25 each for cash at a premium of \$0.79 per share by virtue of the exercise of employee share options granted in 1998 and 1999.

SHARE OPTIONS

- (a) The Hour Glass Employees' Share Option Scheme (the "Scheme") was adopted on 25 April 1990 and amended on 22 September 1994.
- (b) Details of options granted previously have been disclosed in the Directors' Report for the respective years.
- (c) During the financial year, options were granted for a total of 1,148,000 ordinary shares of \$0.25 each. Acceptances for 844,000 options were received and the details of which were:

- (i) Categories of persons who have accepted options were :

Category	No. of holders	Total no. of ordinary shares of \$0.25 each under options granted
Executive Director *	1	24,000
Senior Manager	5	109,000
Manager	19	298,000
Senior Executive	24	209,000
Junior Executive	24	136,000
Non-Executive	21	68,000
Total	94	844,000

* Relates to a subsidiary company

- (ii) The exercise periods of these options are as disclosed hereunder provided that they have not been subsequently cancelled.
 - (iii) Subject to Rule 4 of the Scheme, an option shall immediately lapse upon the participant ceasing to be employed by the Company for any reason whatsoever.
 - (iv) The grantee may exercise the option by notice in writing accompanied by a remittance for the exercise price (subject to adjustments as provided under the Scheme) together with the option certificate relating to the option being exercised.
 - (v) The persons to whom the options have been granted do not have the right to participate, by virtue of the options, in any share issue of any other company.
- (d) The Scheme is administered by a committee of Directors of the Company comprising Dr Henry Tay Yun Chwan, Mdm Chan Siew Lee and Mr Timothy Chia Chee Ming. None of the Directors of the Company participate in the Scheme. No controlling shareholder of the Company or his associate is a participant of the Scheme. No participant of the Scheme has received options representing in aggregate 5% or more of the total number of shares available under the Scheme. The Scheme does not cater to persons who are not employees of the Company and/or its subsidiaries. All options granted under the Scheme do not include any discount element in the exercise price.

- (e) During the financial year, 261,000 shares of the Company were issued by virtue of the exercise of options to take up unissued shares.

At the end of the financial year, unissued ordinary shares of the Company under options granted under the Scheme were :

	Date granted	Option period (both dates inclusive)	Option Exercise price per share \$	Balance 1.4.1999	Options granted and accepted/ (cancelled)	Options exercised	Balance 31.3.2000
(i)	26.7.1994	26.7.1995 - 25.7.1999	1.74	80,000	(80,000)	-	-
(ii)	17.1.1995	17.1.1996 - 16.1.2000	1.27	191,000	(191,000)	-	-
(iii)	14.7.1995	14.7.1996 - 13.7.2000	1.26	66,250	(8,750)	-	57,500
(iv)	16.2.1996	16.2.1997 - 15.2.2001	1.49	214,000	(30,000)	-	184,000
(v)	12.7.1996	12.7.1997 - 11.7.2001	1.25	172,250	(12,500)	-	159,750
(vi)	17.1.1997	17.1.1998 - 16.1.2002	1.04	265,000	(25,000)	(40,000)	200,000
(vii)	6.8.1997	6.8.1998 - 5.8.2002	1.36	255,000	(35,000)	-	220,000
(viii)	23.1.1998	23.1.1999 - 22.1.2003	0.45	332,000	(15,000)	(221,000)	96,000
(ix)	15.1.1999	15.1.2000 - 14.1.2004	0.38	222,000	(24,000)	-	198,000
(x)	19.7.1999	19.7.2000 - 18.7.2004	0.80	-	292,000	-	292,000
(xi)	24.1.2000	24.1.2001 - 23.1.2005	0.52	-	552,000	-	552,000
				1,797,500	422,750	(261,000)	1,959,250

No options to take up unissued shares of subsidiaries have been granted during the financial year.

No shares of subsidiaries have been issued during the financial year by virtue of the exercise of options to take up unissued shares.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option, except as disclosed above.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS

During the financial year, the Company acquired the remaining 49% interest in Daniel Roth S.A. for a consideration of SFR3 and the remaining 34% interest in Gerald Genta S.A. for a consideration of SFR425,000 thereby making Daniel Roth S.A. and Gerald Genta S.A. wholly-owned subsidiaries of the Company. The share of Daniel Roth S.A.'s and Gerald Genta S.A.'s net liabilities as at the date of acquisition is SFR4,092,000 and SFR5,951,000 respectively.

LIQUIDATION

During the financial year, Bertolucci (HK) Ltd, a subsidiary of The Hour Glass (HK) Ltd, which is a subsidiary of the Company was liquidated.

DISPOSAL

There was no disposal of subsidiaries during the financial year.

REPORT OF THE DIRECTORS

ASSET VALUES

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that :-

- (a) action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the difference between those values.

At the date of this report, the Directors are not aware of any circumstances which would render :-

- (a) any amount written off or provided for bad debts and doubtful debts in the Group inadequate to any substantial extent; and
- (b) the values attributed to current assets in the consolidated financial statements misleading.

CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person.

Since the end of the financial year no contingent liability of the Company or any company in the Group has arisen.

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report the Directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made save as disclosed in Note 32.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

- (a) The interest of the Directors of the Company in the share capital of the Company and of its related companies as at the 21st day after the end of the financial year remained unchanged from those at 31 March 2000 as set out under the paragraph headed 'Directors' above.
- (b) No material contracts to which the Company or any related company is a party and which involve Directors' interests subsisted at, or have been entered into since the end of the financial year.

AUDITORS

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Henry Tay Yun Chwan
Chairman

Chan Siew Lee
Managing Director

Singapore
10 August 2000

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201(15)

We, Henry Tay Yun Chwan and Chan Siew Lee, being two of the Directors of The Hour Glass Limited, do hereby state that, in the opinion of the Directors :

- (a) the balance sheets, profit and loss accounts and consolidated statement of cash flows together with the notes thereto, set out on pages 21 to 44 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2000; and the results of the Company and the Group, and the cash flows of the Group, for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Henry Tay Yun Chwan
Chairman

Chan Siew Lee
Managing Director

Singapore
10 August 2000

AUDITORS' REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

We have audited the financial statements of The Hour Glass Limited set out on pages 21 to 44. These financial statements comprise the balance sheets of the Company and the Group as at 31 March 2000, the profit and loss accounts of the Company and the Group and the statement of cash flows of the Group for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and so as to give a true and fair view of :
 - (i) the state of affairs of the Company and of the Group as at 31 March 2000, the results of the Company and of the Group and the cash flows of the Group for the year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of subsidiaries which we have not acted as auditors being financial statements included in the consolidated financial statements. The subsidiary companies audited by our associated firms and those audited by other firms are stated in Note 15. We have also considered the financial statements of The Hour Glass USA, Inc which are not required to be audited under the laws of the country of incorporation being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
10 August 2000

**PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000**

	Note	Group 2000 \$'000	Group 1999 \$'000	Company 2000 \$'000	Company 1999 \$'000
Turnover	3	283,938	243,982	150,653	122,999
Operating (loss)/profit	4	(2,733)	(7,633)	4,490	5,117
Exceptional items	5	(2,078)	-	(2,609)	-
Investment and interest income	6	1,030	905	973	1,572
Interest expense	7	(1,428)	(1,490)	(778)	(670)
		(5,209)	(8,218)	2,076	6,019
Share of results of associated company		-	180	-	-
(Loss)/profit before taxation		(5,209)	(8,038)	2,076	6,019
Taxation	8	(3,513)	(1,554)	(1,109)	(1,000)
(Loss)/profit after taxation		(8,722)	(9,592)	967	5,019
Minority interests		424	3,059	-	-
(Loss)/profit before extraordinary items		(8,298)	(6,533)	967	5,019
Extraordinary items	9	566	-	(24,772)	(3,901)
(Loss)/profit attributable to members of the Company		(7,732)	(6,533)	(23,805)	1,118
Transfer from revenue reserve	25	203	201	203	-
Dividends	10	(203)	(201)	(203)	(201)
(Loss)/profit for the year	25	(7,732)	(6,533)	(23,805)	917
Loss per share (cents)	11				
- before extraordinary items		(7.64)	(6.02)		
- after extraordinary items		(7.12)	(6.02)		
Diluted loss per share (cents)	11				
- before extraordinary items		(7.50)	(5.93)		
- after extraordinary items		(6.99)	(5.93)		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS AS AT 31 MARCH 2000

	Note	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Fixed assets	12	29,321	29,925	12,222	13,416
Investment properties	13	5,896	6,050	1,025	1,051
Goodwill on consolidation	14	2,246	2,169	-	-
Subsidiary companies	15	-	-	46,637	61,452
Other investments	16	332	347	323	338
Current assets					
Stocks	17	101,971	112,177	35,563	34,044
Trade debtors	18	8,575	13,505	473	1,868
Other debtors	19	5,578	8,633	2,639	3,535
Amount due from subsidiaries	20	-	-	20,852	24,184
Fixed deposits		712	1,206	310	887
Cash and bank balances		13,892	12,345	1,831	2,560
		130,728	147,866	61,668	67,078
Less : Current liabilities					
Bills payable	21	1,388	2,106	-	-
Bank overdraft	21	765	1,765	-	-
Bank term loans	22	27,140	28,628	15,669	17,344
Trade creditors		31,514	34,489	11,332	11,697
Other creditors	23	4,294	7,190	1,135	293
Amount due to subsidiaries	20	-	-	11,035	5,654
Provision for taxation		4,969	3,744	2,733	2,114
Proposed dividend, net		203	201	203	201
		70,273	78,123	42,107	37,303
Net current assets		60,455	69,743	19,561	29,775
Less : Long term liabilities					
Bank term loans	22	1,863	1,686	-	-
Deferred taxation		69	62	-	-
		1,932	1,748	-	-
		96,318	106,486	79,768	106,032
Share capital	24	27,175	27,110	27,175	27,110
Reserves	25	65,580	75,023	52,593	78,922
		92,755	102,133	79,768	106,032
Minority interests		3,563	4,353	-	-
		96,318	106,486	79,768	106,032

The accompanying notes form an integral part of the financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2000**

	2000 \$'000	1999 \$'000
Cash flows from operating activities :		
Loss before income tax and extraordinary items	(5,209)	(8,038)
Adjustments for :		
Interest expenses	1,428	1,490
Interest income	(229)	(163)
Depreciation of fixed assets	3,897	3,830
Depreciation of investment properties	89	88
Amortisation of other investment	15	14
Amortisation of goodwill on consolidation	390	1,569
(Gain)/loss on disposals of fixed assets	(148)	129
Currency realignment	(1,455)	1,803
Extraordinary item	366	-
Share of associated company's profit	-	(180)
Operating (loss)/profit before working capital	(856)	542
Decrease in stocks	10,206	13,812
Decrease/(increase) in debtors	7,985	(9,311)
(Decrease)/increase in creditors and bills payable	(6,589)	3,792
Decrease in amount owing by associated company	-	1,032
Cash generated from operations	10,746	9,867
Income taxes paid	(2,282)	(3,565)
Interest expense paid	(1,428)	(1,490)
Interest income received	229	163
Net cash provided by operating activities	7,265	4,975
Cash flows from investing activities :		
Additional investment in subsidiary companies, net of cash acquired	(467)	(180)
Disposal of fixed assets	319	988
Purchase of fixed assets	(3,693)	(5,112)
Net cash used in investing activities	(3,841)	(4,304)
Cash flows from financing activities :		
Proceeds from issue of shares	141	-
Net (decrease)/increase in bank loans	(1,311)	7,969
Dividends paid to shareholders	(201)	(502)
Net cash (used in)/provided by financing activities	(1,371)	7,467
Net increase in cash and cash equivalents	2,053	8,138
Cash and cash equivalents at beginning of year (note 30)	11,786	3,648
Cash and cash equivalents at end of year (note 30)	13,839	11,786

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of accounting*

The financial statements of the Company and of the Group are prepared under the historical cost convention, modified by the revaluation of freehold premises, and are prepared in accordance with applicable accounting standards.

(b) *Basis of consolidation*

The accounting year of the Company and all its subsidiary companies ends on 31 March and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies. The results of subsidiary companies acquired or disposed of during the year are included in or excluded from the respective dates of acquisition or disposal, as applicable.

When subsidiary companies are acquired, any excess of the consideration over the net assets at the date of acquisition is included in goodwill on consolidation and are dealt with through the profit and loss account in the year in which it arises except for goodwill on consolidation which is in excess of \$100,000. The excess amount is then written-off on a straight line basis over a ten-year period.

Assets, liabilities and results of overseas subsidiary companies are translated into Singapore dollars on the basis outlined in Note (k) below.

(c) *Revenue recognition*

Revenues from the sale of products are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

(d) *Subsidiary companies*

Shares in subsidiary companies are stated at cost. Provision is made for any diminution in value which is considered to be permanent.

(e) *Associated company*

The investment in associated company is stated at cost. Provision is made for any diminution in value which is considered to be permanent.

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of the results of associated company is included in the consolidated profit and loss account.

The Group's share of the post acquisition results of associated company is included in the investment in the consolidated balance sheet.

(f) *Investments*

Investments held on a long term basis are stated at average cost. Provision is made for any diminution in value which is considered to be permanent.

Dividend income is accrued on the basis of the dates dividends are declared by the investee company.

(g) *Fixed assets*

Fixed assets are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price, financing charges and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Where fixed assets are revalued, any surplus on revaluation is credited to the capital reserve. A decrease in net carrying amount arising on revaluation of fixed assets is charged to the profit and loss account to the extent that it exceeds any surplus held in capital reserve relating to previous revaluation of the same class of assets.

Premises held on 999-year lease are regarded as equivalent to freehold and are included with freehold premises under fixed assets. The Group does not have a policy on frequency of revaluing fixed assets.

(h) *Investment properties*

Investment properties are those properties which are held on long-term basis for their investment potential and income. They are included in the balance sheet at cost less accumulated depreciation.

Where investment properties are revalued, any surplus on revaluation is credited to capital reserve and any deficit is charged to the profit and loss account to the extent that it exceeds any surplus held in capital reserve relating to previous revaluation of the same properties.

Premises held on 999-year lease are regarded as equivalent to freehold and are included with freehold premises under investment properties. The Group does not have a policy on frequency of revaluing investment properties.

(i) *Stocks*

Trading stocks are valued at the lower of cost and net realisable value with cost being determined principally on the specific identification basis.

Manufacturing stocks are stated at lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Direct labour and materials are allocated to work-in-progress and finished goods.

Net realisable value is arrived at after due allowance is made for all obsolete, damaged and slow-moving stocks.

(j) *Deferred taxation*

Deferred taxation is accounted for under the liability method whereby the tax charge for the year is based on the disclosed book profit after adjusting for all permanent differences. The amount of taxation deferred on account of all timing differences is reflected in the deferred taxation account. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

(k) *Foreign currencies*

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are converted into local currency at year-end exchange rates. Exchange differences arising from the translation of foreign currency denominated loans accounted for as a hedge of the Company's net investments in foreign subsidiary companies are taken directly to foreign currency translation reserve until the disposal of the net investments. Upon disposal of the foreign subsidiary companies, the cumulative amount of the exchange differences which have been deferred are taken to the profit and loss account in the same period in which the gain or loss on disposal is recognised. Other exchange differences are dealt with in the profit and loss account.

On consolidation, all assets and liabilities of foreign subsidiary companies are translated at the exchange rates ruling at balance sheet date. Profit and loss account items are translated at the average exchange rates ruling during the year. All translation differences are dealt with in the foreign currency translation reserve.

(l) *Depreciation*

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets and investment properties over their estimated useful lives. The estimated useful lives of fixed assets and investment properties are as follows :-

Fixed assets :

Freehold and leasehold premises	-	50 years
Furniture and equipment	-	2 to 10 years
Motor vehicles	-	5 to 6 years

Investment properties :

Freehold premises	-	50 years
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No depreciation is provided on freehold land.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(m) *Cash and cash equivalents*

Cash and cash equivalents consist of cash and bank balances, fixed deposits and bank overdrafts.

2. GENERAL

The Company is incorporated in Singapore. The financial statements of the Company and the consolidated financial statements of the Group are expressed in Singapore dollars.

The principal activities of the Company are those of holding company and the wholesaling and retailing of watches, jewellery and related products. The principal activities of the Group are those of investment holding companies, wholesalers and retailers of watches and jewellery, watch manufacturing and investment in properties.

There have been no significant changes in the nature of these activities during the year.

3. TURNOVER

Turnover represents invoiced trading sales after deducting allowances for goods returned and trade discounts. It excludes dividends, interest and rental income and, in respect of the Group, intra-Group transactions.

Turnover is analysed as follows :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
External customers	283,938	243,982	145,321	116,833
Subsidiaries	-	-	5,332	6,166
	283,938	243,982	150,653	122,999

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting) :

Amortisation of goodwill on consolidation	390	1,569	-	-
Depreciation of fixed assets	3,897	3,830	1,430	2,183
Depreciation of investment properties	89	88	26	27
Amortisation of other investment	15	14	15	14
Loss/(gain) on disposal of fixed assets	(148)	129	(131)	176
Foreign exchange gain	(1,612)	(2,746)	(367)	(1,265)
Management fees income	-	(2,291)	-	(2,291)
Directors' fees :				
- current year	106	90	102	90
- overprovision in prior year	(46)	-	(46)	-
Directors' emoluments :				
- Directors of the Company	397	421	397	421
- Other directors of subsidiaries	1,363	5,399	-	-
Professional fees paid to companies in which directors have an interest	31	34	31	34
Auditors' remuneration :				
- Auditors of the Company				
Current year	123	120	63	63
Prior year	(16)	(26)	-	-
- Other auditors				
Current year	168	169	-	-
Prior year	11	(8)	-	-
Non audit fees paid to auditors	79	67	79	67
Non audit fees paid to auditors of subsidiaries	99	90	-	-
Provision for doubtful debts	2,107	880	788	-
Bad debts written back	(436)	(52)	(7)	-
Bad debt written off	1,255	-	491	-
Doubtful debts recovered	(834)	-	(834)	-

5. EXCEPTIONAL ITEMS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Software system written off	878	-	878	-
Waiver of interest charged in prior years	-	-	531	-
Provision for management fees	1,200	-	1,200	-
	2,078	-	2,609	-

6. INVESTMENT AND INTEREST INCOME

Gross dividend income from unquoted subsidiary companies	-	-	162	202
Interest income from subsidiary companies	-	-	528	1,132
Interest income from fixed deposits	229	163	24	-
Rental income	801	742	259	238
	1,030	905	973	1,572

7. INTEREST EXPENSE

Interest on bank term loans	1,212	1,116	564	417
Interest on bank overdrafts	195	374	29	140
Interest on loan from a subsidiary company	-	-	164	113
Interest on hire purchase	21	-	21	-
	1,428	1,490	778	670

8. TAXATION

Provision for taxation in respect of results for the year :				
Current taxation	3,774	2,408	1,150	1,000
Deferred taxation	81	(35)	-	-
Overprovision in respect of previous year	(342)	(819)	(41)	-
	3,513	1,554	1,109	1,000

The taxation charge for the Company materially differs from the amount determined by applying the Singapore income tax rate of 25.5% (1999 : 26%) to the pre-tax profits because of non-deductible expenses.

8. TAXATION (CONT'D)

The taxation charge includes provisions made based on the corporate tax rates of the respective countries in which the companies are operating and using the liability method for deferred taxation. The taxation charge for the Group arose despite losses incurred by the Group is due to losses of certain subsidiary companies which for tax purposes cannot be utilised to offset against profits of other subsidiary companies.

As at 31 March 2000, certain subsidiary companies have unutilised capital allowances and tax losses of \$90,000 (1999 : \$166,000) and \$3,667,000 (1999 : \$3,733,000) respectively available for set-off against future taxable profits subject to the regulations and agreements by the relevant tax authorities.

9. EXTRAORDINARY ITEMS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Liquidation cost of subsidiary company	389	-	-	-
Waiver of loan by minority shareholders	(2,633)	-	-	-
Provision for diminution in value of investments and advances to European and USA subsidiaries	-	-	24,772	3,901
Closure costs	1,678	-	-	-
	(566)	-	24,772	3,901
10. DIVIDENDS				
Proposed final 1% (1999 : 1%) less tax	203	201	203	201

11. LOSS PER SHARE

	Group	
	2000	1999
Basic loss per share (EPS) is calculated by dividing the Group loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year :		
On Group loss before extraordinary items (cents)	(7.64)	(6.02)
On Group loss after extraordinary items (cents)	(7.12)	(6.02)
Diluted EPS is calculated on the same basis as Basic EPS except that the Group loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year have been adjusted for the effects of all dilutive potential ordinary shares :		
On Group loss before extraordinary items (cents)	(7.50)	(5.93)
On Group loss after extraordinary items (cents)	(6.99)	(5.93)
Group loss before extraordinary items (\$'000)	(8,298)	(6,533)
Group loss after extraordinary items (\$'000)	(7,732)	(6,533)

11. LOSS PER SHARE (CONT'D)

	2000	Group 1999
Adjustment to Group loss for the effect of the exercise of 1,959,250 (1999 : 1,797,500) options	-	-
Adjusted Group loss before extraordinary items (\$'000)	(8,298)	(6,533)
Adjusted Group loss after extraordinary items (\$'000)	(7,732)	(6,533)
Basis EPS : Average number of ordinary shares outstanding ('000)	108,660	108,441
Increase in number of ordinary shares on the exercise of 1,959,250 (1999 : 1,797,500) options	1,959	1,797
Diluted EPS : Average number of ordinary shares outstanding ('000)	110,619	110,238

12. FIXED ASSETS

	Freehold premises \$'000	Leasehold premises \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Total \$'000
<i>Group</i>					
Cost and valuation					
At 1 April 1999					
- Cost	21,275	3,011	21,800	1,652	47,738
- Valuation 1982	320	-	-	-	320
	21,595	3,011	21,800	1,652	48,058
Additions	198	-	3,313	182	3,693
Disposals/write-offs	-	-	(1,735)	(395)	(2,130)
Currency realignment	(198)	(41)	(520)	(18)	(777)
At 31 March 2000	21,595	2,970	22,858	1,421	48,844
Representing :					
- Cost	21,275	2,970	22,858	1,421	48,524
- Valuation 1982	320	-	-	-	320
At 31 March 2000	21,595	2,970	22,858	1,421	48,844
Accumulated depreciation					
At 1 April 1999	2,441	98	14,483	1,111	18,133
Charge for the year	416	60	3,178	243	3,897
Disposals/write-offs	-	-	(1,567)	(392)	(1,959)
Currency realignment	(15)	(1)	(515)	(17)	(548)
At 31 March 2000	2,842	157	15,579	945	19,523
Charge for 1999	384	62	3,106	278	3,830
Net book value					
At 31 March 2000	18,753	2,813	7,279	476	29,321
At 31 March 1999	19,154	2,913	7,317	541	29,925

12. FIXED ASSETS (CONT'D)

	Cost/Valuation \$'000
(a) Freehold premises	
Singapore	
114 square metres shop unit at Peninsula Plaza, situated at 111 North Bridge Road	4,569
638 square metres office unit at 302 Orchard Road, #11-01 Tong Building	7,664
37 square metres shop unit at Lucky Plaza, situated at 304 Orchard Road	320
223.8 square metres shop house at 2 Trengganu Street	5,226
Australia	
356 square metres shop/office unit at 70 Castlereagh Street, Sydney	2,697
Switzerland	
2,139 square metres factory premises at Rue De La Gare 4, Ch-1347 Le Sentier, Vallee De Joux	921
Malaysia	
116 square metres office unit at Suite 12-2, 12th Floor, Wisma UOAI 21 Jalan Pinang, 50450 Kuala Lumpur	198
	21,595
(b) Leasehold premises	
Hong Kong	
201.9 square metres shop unit at 1416 & 1416A Starhouse, Salisbury Road, Kowloon (lease term, 999 years from 25 July 1864)	2,970

12. FIXED ASSETS (CONT'D)

	Freehold premises \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Total \$'000
<i>Company</i>				
Cost and valuation				
At 1 April 1999				
- Cost	12,233	9,495	1,133	22,861
- Valuation 1982	320	-	-	320
	12,553	9,495	1,133	23,181
Additions	-	237	7	244
Disposals	-	(431)	(396)	(827)
At 31 March 2000	12,553	9,301	744	22,598
Representing :				
- Cost	12,233	9,301	744	22,278
- Valuation 1982	320	-	-	320
At 31 March 2000	12,553	9,301	744	22,598
Accumulated depreciation				
At 1 April 1999	1,868	7,163	734	9,765
Charge for the year	251	1,030	149	1,430
Disposals	-	(427)	(392)	(819)
At 31 March 2000	2,119	7,766	491	10,376
Charge for 1999	251	1,724	208	2,183
Net book value				
At 31 March 2000	10,434	1,535	253	12,222
At 31 March 1999	10,685	2,332	399	13,416

A subsidiary company's freehold premises with a net book value of \$2,323,000 (1999 : \$2,317,000) is charged to secure the bank borrowings of that subsidiary company (Note 22).

The Group's freehold premises with a net book value of \$15,350,000 will be mortgaged for banking facilities granted to the Company. The loan documentation is being processed as at 31 March 2000.

13. INVESTMENT PROPERTIES

	Leasehold premises \$'000	Freehold land \$'000	Freehold building and premises \$'000	Total \$'000
<i>Group</i>				
Cost				
At 1 April 1999	1,329	2,203	3,123	6,655
Currency realignment	-	-	(74)	(74)
At 31 March 2000	1,329	2,203	3,049	6,581
Accumulated depreciation				
At 1 April 1999	278	-	327	605
Charge for the year	26	-	63	89
Currency realignment	-	-	(9)	(9)
At 31 March 2000	304	-	381	685
Charge for 1999	27	-	61	88
Net book value				
At 31 March 2000	1,025	2,203	2,668	5,896
At 31 March 1999	1,051	2,203	2,796	6,050
				Leasehold premises \$'000
<i>Company</i>				
Cost				
At 1 April 1999 and 31 March 2000				1,329
Accumulated depreciation				
At 1 April 1999				278
Charge for 1999				26
At 31 March 2000				304
Charge for 1999				27
Net book value				
At 31 March 2000				1,025
At 31 March 1999				1,051

13. INVESTMENT PROPERTIES (CONT'D)

The investment properties of the Group are as follows :

- (a) 42 square metres shop at Centrepont situated at 176 Orchard Road (lease term, 99 years from 17 August 1979) amounting to \$1,329,000. The estimated market value of the property stated at directors' valuation based on professional valuation by Chesterton International Property Consultants Pte Ltd as at 11 June 1999 is \$2,480,000.
- (b) 134.9 square metres terrace shophouse at 57 Boat Quay, Singapore, amounting to \$2,837,000. The estimated market value of the property stated at directors' valuation based on professional valuation by Chesterton International Property Consultants Pte Ltd as at 16 June 1999 is \$4,600,000.
- (c) 1,350 square metres shop/office unit and lettable space at 252 Collins Street, Melbourne, Australia amounting to \$2,489,000. The estimated market value of the property stated at directors' valuation based on professional valuation by Fitzroys Pty Ltd as at 20 August 1999 is approximately \$2,496,000 (A\$2,300,000).

A subsidiary company's investment property with a net book value of \$2,124,000 (1999 : \$2,239,000) is charged to secure the bank borrowings of that subsidiary company (See Note 22).

The Group's investment properties with a net book value of \$3,772,000 will be mortgaged for banking facilities granted to the Company. The loan documentation is being processed as at 31 March 2000.

14. GOODWILL ON CONSOLIDATION

	2000 \$'000	Group 1999 \$'000
Goodwill arising from acquisition of shares in subsidiaries	6,948	6,481
Amortisation :		
Balance at 1 April	4,312	2,743
Provided during the year	390	1,569
Balance at 31 March	4,702	4,312
Goodwill, net of amortisation	2,246	2,169

15. SUBSIDIARY COMPANIES

	Company	
	2000 \$'000	1999 \$'000
Unquoted shares, at cost	38,613	37,293
Provision for diminution in value of investment	(17,169)	(4,496)
Advances	33,222	28,655
Provision for advances	(8,029)	-
	46,637	61,452

Subsidiary companies held by the Company and the cost to the Company at 31 March 2000 are :

Name of subsidiary company	Cost to Company	
	2000 \$'000	1999 \$'000
Dynasty Watch Pte Ltd	500	500
Lakewind Impex Pte Ltd	706	706
Astoria Trading Pte Ltd	305	305
Hour Glass Fragrances Pte Ltd	15	15
Creative Retailing Pte Ltd	126	126
Transland Realty Pte Ltd	14	14
Watch Gallery Pte Ltd	527	527
Les Arts & Antiques Pte Ltd	454	454
Multiple Properties Pte Ltd	1,356	1,356
Mondial Jewellers Pte Ltd	990	990
The Hour Glass Sdn Bhd	430	430
The Hour Glass (HK) Ltd	175	175
The Watch Gallery Holding Company Pty Ltd	4,646	4,646
Bertolucci (S) Pte Ltd	572	572
Gubelin Watch Company Ltd	10,261	10,261
Daniel Roth S.A.	2,753	2,738
Pagoda Chinatown Pte Ltd	2	2
Gerald Genta S.A.	10,920	10,467
Monte Carlo Time S.A.M.	1,163	1,163
The Hour Glass Japan Ltd	660	660
R.S. Hour Pte Ltd	300	300
The Hour Glass USA, Inc	1,678	826
MHH Manufacture de Haute Horlogerie S.A.	60	60
Times Master Enterprise Limited	- *	- *
	38,613	37,293

* Denotes amount less than \$1,000

15. SUBSIDIARY COMPANIES (CONT'D)

Other details of the subsidiary companies are :

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group	
		2000 %	1999 %
<i>Held by the Company</i>			
<i>Retailers and wholesalers of watches, jewellery and related products</i>			
Dynasty Watch Pte Ltd	Singapore	100	100
Lakewind Impex Pte Ltd	Singapore	80	80
Astoria Trading Pte Ltd	Singapore	100	100
Mondial Jewellers Pte Ltd	Singapore	60	60
Bertolucci (S) Pte Ltd	Singapore	90	90
R.S. Hour Pte Ltd	Singapore	60	60
* The Hour Glass Sdn Bhd	Malaysia	95	95
* The Hour Glass (HK) Ltd	Hong Kong	100	100
* Gubelin Watch Company Ltd	Hong Kong	100	100
* The Watch Gallery Holding Company Pty Ltd	Australia	100	100
▲ Monte Carlo Time S.A.M. (in voluntary liquidation)	Monaco	66	66
* The Hour Glass Japan Ltd	Japan	100	100
+ The Hour Glass USA, Inc	USA	100	100
<i>Manufacturer of watches</i>			
* Daniel Roth S.A.	Switzerland	100	51
* Gerald Genta S.A.	Switzerland	100	66
<i>Investment in properties</i>			
Multiple Properties Pte Ltd	Singapore	100	100
Pagoda Chinatown Pte Ltd	Singapore	100	100
* Time Master Enterprise Limited	Hong Kong	100	100
* MHH Manufacture de Haute Horlogerie S.A.	Switzerland	100	100
<i>Dormant companies</i>			
Creative Retailing Pte Ltd	Singapore	100	100
Transland Realty Pte Ltd	Singapore	100	100
Watch Gallery Pte Ltd	Singapore	100	100
Hour Glass Fragrances Pte Ltd	Singapore	60	60
Les Arts & Antiques Pte Ltd	Singapore	70	70
<i>Held by subsidiary companies :</i>			
<i>Retailer/wholesaler of watches and related products</i>			
* The Watch Gallery Pty Ltd	Australia	100	100
* Gerald Genta (HK) Ltd	Hong Kong	100	100
* The Hour Glass (Thailand) Co Ltd	Thailand	49	49*

15. SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group	
		2000 %	1999 %
<i>Investment holding</i>			
* The Hour Glass Dharmala Limited	Hong Kong	60	60
* The Hour Glass Holding (Thailand) Co Ltd	Thailand	49	49★
Dormant companies			
Mondial Pte Ltd	Singapore	60	60
* Jewels by Mondial Sdn Bhd	Malaysia	60	60
** Bertolucci (HK) Ltd	Hong Kong	-	70

* Audited by associated firms of Ernst & Young, Singapore

+ Not required to be audited under the laws of its country of incorporation.

▲ Not audited as in voluntary liquidation

* The Group held a 98.97% controlling interest in the subsidiary through their voting rights.

** Liquidated during the year

16. OTHER INVESTMENTS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Quoted shares, at cost	559	559	550	550
Less : Provision for diminution	(472)	(472)	(472)	(472)
	87	87	78	78
Club membership, at cost	300	300	300	300
Less : Amounts amortised	(55)	(40)	(55)	(40)
	245	260	245	260
	332	347	323	338
Market value of quoted shares	33	38	30	33

17. STOCKS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Raw materials	19,764	18,630	-	-
Work-in-progress	1,566	2,240	-	-
Finished goods	80,641	91,307	35,563	34,044
	101,971	112,177	35,563	34,044

18. TRADE DEBTORS

Trade debtors are stated after deducting provision for doubtful debts of	2,302	1,207	730	46
Analysis of provision for doubtful debts :				
Balance at 1 April	1,207	480	46	46
Charge to profit and loss account	1,763	880	744	-
Bad debts written-back	(436)	(52)	(7)	-
Bad debts written-off	(100)	(35)	(53)	-
Currency realignment	(132)	(66)	-	-
Balance at 31 March	2,302	1,207	730	46
Bad debts written off directly to profit and loss account	1,255	-	491	-

19. OTHER DEBTORS

Rental and other deposits	1,233	1,519	784	836
Recoverables and sundry debtors	3,038	3,410	1,585	2,431
Secured loan to a joint-venture partner	-	396	-	-
Prepayment	1,298	1,447	270	195
Others	9	1,861	-	73
	5,578	8,633	2,639	3,535
Other debtors are stated after deducting provision for doubtful debts of	1,148	840	403	396
Analysis of provision for doubtful debts :				
Balance at 1 April	840	887	396	396
Charge to profit and loss account	344	-	44	-
Bad debt written-off	(36)	(47)	(37)	-
Balance at 31 March	1,148	840	403	396

20. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2000 \$'000	1999 \$'000
Amount due from subsidiaries		
- trade	1,793	831
- non-trade	23,667	23,891
Provision	(4,608)	(538)
	20,852	24,184
Amount due to subsidiaries		
- trade	(4,944)	(2,552)
- non-trade	(6,091)	(3,102)
	(11,035)	(5,654)

The balances with subsidiary companies are unsecured and interest free except for balances with four subsidiary companies. Interest is charged at rates ranging from 5% to 6.75% (1999 : 5% to 7%) per annum. All balances have no fixed repayment terms.

21. BILLS PAYABLE AND BANK OVERDRAFTS

The overdrafts and bills payable of the subsidiary companies are proportionately guaranteed by the Company relative to its shareholding.

Bank facilities of a subsidiary company is secured on patents and life insurance policies of that subsidiary company. Interest is charged at rates ranging from 6.25% to 6.75% (1999 : 3.75% to 4.25%) per annum.

22. BANK TERM LOANS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Repayable within 12 months :				
Secured loan	-	5,112	-	-
Unsecured loan	27,140	23,516	15,669	17,344
	27,140	28,628	15,669	17,344
Repayable after 12 months :				
Secured loan	1,863	1,686	-	-
	29,003	30,314	15,669	17,344

22. BANK TERM LOANS (CONT'D)

The unsecured term loans of certain subsidiary companies are covered by corporate guarantees given by the Company and minority shareholders. Interest is charged at rates ranging from 3.12% to 8.15% (1999 : 2.19% to 10.72%) per annum.

The term loan of a subsidiary company is secured by a legal mortgage executed in favour of a bank on the subsidiary's properties in Melbourne and Sydney. Interest is charged at rates ranging from 7.09% to 7.59% (1999 : 6.37% to 6.5%) per annum.

23. OTHER CREDITORS

	Group		Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Deposits received	1,229	687	166	223
Purchase of fixed assets	60	222	-	-
Loans from minority shareholders	-	2,839	-	-
Amounts owing to directors	615	2,568	-	-
Termination of lease	1,051	-	-	-
Others	1,339	874	969	70
	4,294	7,190	1,135	293

24. SHARE CAPITAL

	Company	
	2000	1999
	\$'000	\$'000
Authorised :		
200,000,000 ordinary shares of \$0.25 each	50,000	50,000
Issued :		
Ordinary shares of \$0.25 each, fully paid :		
Balance at 1 April		
108,441,023 ordinary shares	27,110	27,110
221,000 (1999 : nil) ordinary shares for cash at a premium of \$0.20 per share	55	-
40,000 (1999 : nil) ordinary shares for cash at a premium of \$0.79 per share	10	-
Balance at 31 March		
108,702,023 (1999 : 108,441,023) ordinary shares	27,175	27,110

24. SHARE CAPITAL (CONT'D)

As at 31 March 2000, the following share options were granted and accepted by employees under The Hour Glass Employees' Share Option Scheme to take up unissued ordinary shares in the Company.

	Date granted	No. of holders	Considerations for options \$	Option period (both dates inclusive)	Number of unissued ordinary shares of \$0.25 each	Option exercise price per share
(i)	14.7.1995	13	13	14.7.1996 - 13.7.2000	57,500	1.26
(ii)	16.2.1996	39	39	16.2.1997 - 15.2.2001	184,000	1.49
(iii)	12.7.1996	54	54	12.7.1997 - 11.7.2001	159,750	1.25
(iv)	17.1.1997	53	53	17.1.1998 - 16.1.2002	200,000	1.04
(v)	6.8.1997	52	52	6.8.1998 - 5.8.2002	220,000	1.36
(vi)	23.1.1998	57	57	23.1.1999 - 22.1.2003	96,000	0.45
(vii)	15.1.1999	59	59	15.1.2000 - 14.1.2004	198,000	0.38
(viii)	19.7.1999	86	86	19.7.2000 - 18.7.2004	292,000	0.80
(ix)	24.1.2000	80	80	24.1.2001 - 23.1.2005	552,000	0.52

25. RESERVES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<i>Share premium</i>				
Balance at 1 April	29,415	29,415	29,415	29,415
Share premium on exercise of options	76	-	76	-
Balance at 31 March	29,491	29,415	29,491	29,415
<i>Revenue reserve</i>				
Balance at 1 April	41,683	48,417	49,469	48,552
Transfer to profit and loss account	(203)	(201)	(203)	-
(Loss)/profit for the year	(7,732)	(6,533)	(23,805)	917
Balance at 31 March	33,748	41,683	25,461	49,469
<i>Foreign currency translation reserve</i>				
Balance at 1 April	3,664	1,644	(123)	(294)
Net movement	(1,584)	2,020	(2,397)	171
Balance at 31 March	2,080	3,664	(2,520)	(123)

25. RESERVES (CONT'D)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<i>Capital reserve</i>				
Balance at 1 April and 31 March	261	261	161	161
Total reserves	65,580	75,023	52,593	78,922
Made up of :				
Distributable reserves	35,828	45,347	22,941	49,346
Non-distributable reserves	29,752	29,676	29,652	29,576
	65,580	75,023	52,593	78,922

26. OPERATING LEASES

The Group leases certain properties under lease agreements that are non-cancellable within the lease period. The leases expire at various dates and contain provisions for rental adjustments. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows :

Within 1 year	2,082	3,977	1,542	2,193
Within 2 to 5 years	2,324	4,718	354	1,834
After 5 years	1,484	295	-	-
	5,890	8,990	1,896	4,027

27. INFORMATION BY SEGMENT ON GROUP'S OPERATIONS

	Turnover		(Loss)/profit before interest and tax		Total assets employed	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<i>By geographical location</i>						
Singapore	176,675	142,306	2,946	4,280	82,205	87,891
Asia Pacific Region	98,245	83,449	7,212	4,937	45,933	41,222
Europe	7,439	15,971	(11,840)	(14,535)	33,795	47,917
USA	1,579	2,256	(2,328)	(1,393)	3,300	5,605
	283,938	243,982	(4,010)	(6,711)	165,233	182,635

Assets employed do not include goodwill on consolidation, fixed deposits and other investments.

28. CONTINGENT LIABILITIES

- (a) The Company has unsecured contingent liabilities in respect of guarantees given to banks, totalling \$15,667,500 (1999 : \$23,381,000) to cover banking facilities granted to subsidiary companies.
- (b) In the ordinary course of its business, the Company, as the holding company, has given undertakings to continue to provide financial support to certain subsidiary companies.

29. FORWARD CONTRACTS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At 31 March the Group and the Company has forward contracts as follows :				
To purchase foreign currencies	527	1,733	527	1,384

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cashflow statement comprise the following balance sheet amounts :

	Group	
	2000 \$'000	1999 \$'000
Cash and bank balances	13,892	12,345
Fixed deposits	712	1,206
Bank overdrafts	(765)	(1,765)
	13,839	11,786

31. REMUNERATION OF DIRECTORS OF THE COMPANY

The number of Directors within each band of remuneration were as follows :

	2000	1999
\$500,000 and above	-	-
Between \$250,000 and \$499,999	-	1
Below \$250,000	7	5
	7	6

32. SUBSEQUENT EVENTS

On 2 August 2000, the Company had entered into a sale and purchase agreement with Bvlgari International Corporation N.V. ("Bvlgari") pursuant to which Bvlgari will acquire from the Company the entire issued share capital of Gerald Genta S.A., Daniel Roth S.A. and MHH Manufacture de Haute Horlogerie S.A. (the "Swiss Group") and for the advances due to the Company from the Swiss Group for a consideration of CHF 38.6 million and a 33% share of the adjusted profits of the Swiss Group for the seven year period commencing from 1 July 2000. The total consideration was negotiated at arm's length, based primarily on the balance sheets of the Swiss Group as at 30 June 2000 and adjusted for goodwill. The Company will be responsible for repaying certain of the bank borrowings of the Swiss Group as at 30 June 2000, which total CHF 6.0 million. As an integral part of the sale and purchase, Bvlgari has the option to return up to CHF 6.6 million in inventories held by the Swiss Group to the Company within a two-year period from 30 June 2000. The proceeds from the transactions will exceed the carrying value of the Swiss Group by \$9.4 million.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

STATISTICS ON SHAREHOLDINGS AS AT 10 AUGUST 2000

Authorised Share Capital	:	S\$50,000,000
Issued Share Capital	:	S\$27,175,505.75
Class of Shares	:	Ordinary shares of \$0.25 each with equal voting rights

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of	%	No. of	%
	Shareholders		Shares	
1 - 1,000	581	21.22	484,337	0.45
1,001 - 10,000	1,798	65.67	7,994,453	7.35
10,001 - 1,000,000	351	12.82	16,776,310	15.43
1,000,001 and above	8	0.29	83,446,923	76.77
Total	2,738	100.00	108,702,023	100.00

SUBSTANTIAL SHAREHOLDERS

[AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS]

Name	No. of Shares	
	Direct	Deemed
TYC Investment Pte Ltd	44,031,562	-
Key Hope Investment Limited	7,000,000	-
Swanson Pte Ltd	5,470,500	-
Dr Henry Tay Yun Chwan	4,972,625	56,502,062
Mdm Chan Siew Lee	1,170,750	56,502,062

Dr. Henry Tay Yun Chwan's and Mdm Chan Siew Lee's deemed interests arise from their interest in TYC Investment Pte Ltd, Key Hope Investment Limited and Swanson Pte Ltd.

**TWENTY LARGEST SHAREHOLDERS
AS AT 10 AUGUST 2000**

No.	Name	No. of Shares	%
1.	TYC Investment Pte Ltd	24,031,562	22.11
2.	DBS Nominees Pte Ltd	22,745,424	20.92
3.	United Overseas Bank Nominees Pte Ltd	22,410,750	20.62
4.	Oversea-Chinese Bank Nominees Pte Ltd	3,731,250	3.43
5.	DBS Securities Singapore Pte Ltd	3,318,937	3.05
6.	Overseas Union Bank Nominees Pte Ltd	2,738,500	2.52
7.	Swanson Pte Ltd	2,470,500	2.27
8.	Key Hope Investment Limited	2,000,000	1.84
9.	Keppel Bank Nominees Pte Ltd	787,500	0.72
10.	Citibank Nominees Singapore Pte Ltd	730,000	0.67
11.	Raffles Nominees Pte Ltd	708,500	0.65
12.	Kay Hian Privated Limited	591,000	0.54
13.	Tay Yun Chwan Henry	459,375	0.42
14.	Phillip Securities Pte Ltd	378,000	0.35
15.	Chew Cheng	350,000	0.32
16.	Chan Swee Kheng Kenny	327,750	0.30
17.	Boon Suan Lee	300,000	0.28
18.	Singapore Fruits Importers & Exporters Exchange Pte Ltd	300,000	0.28
19.	Hong Leong Finance Nominees Pte Ltd	289,000	0.27
20.	Estate of Mary Josephine Lee Suan Sim, deceased	251,250	0.23
Total		88,919,298	81.79

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Janet Wong
Wendy Tang

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at Mandarin Singapore, Room 831, 8th floor, South Tower, 333 Orchard Road, Singapore 238867, on Thursday, 28 September 2000 at 2pm for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Directors' Report, Auditors' Report and Financial Statements for the year ended 31 March 2000.
2. To approve the payment of a First and Final Dividend of 1% less 25.5% Singapore Income Tax for the year ended 31 March 2000.
3. To re-elect Dr Henry Tay Yun Chwan, a Director retiring under the provisions of Article 99 of the Company's Articles of Association.
4. To re-elect Mr Sydney Michael Hwang, a Director retiring under the provisions of Article 99 of the Company's Articles of Association.
5. To re-elect Mr Robert Tan Kah Boh@Tan Kah Boo, a Director retiring under the provisions of Article 103 of the Company's Articles of Association.
(Mr Robert Tan Kah Boh@Tan Kah Boo, a member of the Company's Audit Committee, is an Independent Director of the Company.)
6. To consider and, if thought fit, to pass the following resolution :
" That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Owen Phillimore Howell-Price be and is hereby re-appointed a Director of the Company, to hold office until the next Annual General Meeting."
(Mr Owen Phillimore Howell-Price, a member of the Company's Audit Committee, is an Independent Director of the Company.)
7. To approve Directors' fees for non-executive Directors of \$102,000 (1999:\$90,000).
8. To appoint Auditors and to authorise the Directors to fix their remuneration.
9. To transact any other ordinary business of the Company.

AS SPECIAL BUSINESS

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"That approval be and is hereby given to the Directors to issue such shares as may be required to be issued pursuant to the exercise of options under The Hour Glass Employees' Share Option Scheme (the "Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme does not exceed 5% of the issued share capital of the Company for the time being."

BY ORDER OF THE BOARD

Christine Chan

Company Secretary

6 September 2000

Notes:

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be lodged at the registered office of the Company at 302 Orchard Road, #11-01 Tong Building, Singapore 238862 not less than 48 hours before the time fixed for the Annual General Meeting.

PROXY FORM - ANNUAL GENERAL MEETING

THE HOUR GLASS LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

I/We, _____ (Name)
of _____ (Address)
being a member/members of THE HOUR GLASS LIMITED hereby appoint:

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 28 September 2000, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	RESOLUTIONS	TO BE USED ON A SHOW OF HANDS		TO BE USED IN THE EVENT OF A POLL	
		FOR*	AGAINST*	NUMBER OF VOTES FOR**	NUMBER OF VOTES AGAINST**
1.	ORDINARY BUSINESS: Adoption of Reports and Financial Statements				
2.	Declaration of a First and Final Dividend				
3.	Re-election of Dr Henry Tay Yun Chwan				
4.	Re-election of Mr Sydney Michael Hwang				
5.	Re-election of Mr Robert Tan Kah Boh @ Tan Kah Boo				
6.	Re-appointment of Mr Owen Phillimore Howell-Price				
7.	Approval of Directors' Fees for non-executive Directors				
8.	Appointment of Auditors				
9.	Any other ordinary business				
10.	SPECIAL BUSINESS: Approval of Share Issue Mandate				
11.	Authority to issue shares under The Hour Glass Employees' Share Option Scheme				

- * Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.
** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2000

SIGNATURE(S) OF MEMBER(S) / COMMON SEAL
IMPORTANT : PLEASE READ NOTES OVERLEAF

TOTAL NO. OF SHARES HELD	
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NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 302 Orchard Road #11-01, Tong Building, Singapore 238862 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

