

THE HOUR GLASS LIMITED  
ANNUAL REPORT  
1989



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## Corporate Data

### Directors

Dr Henry Tay Yun Chwan  
(Executive Chairman)  
Mdm Chan Siew Lee  
(Managing Director)  
Mr Edmund William Barker  
Mr Michael Kwee Chong-Kok  
Mr Timothy Chia Chee Ming  
Mr Robert Sia Sok Hia

### Secretaries

Wong Cheng Han  
Tan Yen Hua

### Registered Office

36 Robinson Road, #05-01  
City House, Singapore 0106  
Telephone: 2241171

### Registrar

Lim Associates (Pte) Ltd  
10 Collyer Quay #21-01  
Ocean Building  
Singapore 0104  
Telephone: 5357777

### Auditors

Ernst & Whinney

### Bankers

Hongkong & Shanghai Banking  
Corporation Ltd  
Development Bank of Singapore Ltd  
Oversea-Chinese Banking  
Corporation Ltd

### Solicitors

Drew & Napier

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## Chairman's Statement

On behalf of the Board, I am very pleased to present our first Annual Accounts as a publicly quoted company; and to report that the results achieved is a record in our Group's history.

Group turnover reached almost \$139 million compared with \$95 million in 1988, with profit before tax of \$8.8 million (1988 — \$4.5 million) and profit after tax of \$5.9 million (1988 — \$2.9 million), representing a 94% and 103% increase over that for 1988, respectively.

The results were achieved during a period of continuing buoyancy in the retail sector, not only in Singapore but in other parts of the world. The watch industry, particularly the top brand names, was one of the segments enjoying the retail boom.

The Hour Glass was able to take advantage of the favourable market conditions following several actions taken by the Company over the past 2 years. These included the upgrading and revamping of all our outlets, the widening of the product range carried by the Group, the introduction of profit-sharing incentives for all sales personnel based on individual profit performance and improvement in back-up support services.

As part of the expansion program, The Hour Glass' first specialist watch boutique in Australia, "The Watch Gallery", opened in late December 1988 at the Marina Mirage Shopping Centre in Surfers Paradise. Its operations have picked up rapidly since the opening and are already generating a small profit at the operating level. We see Australia as a growth area for the Group.

In Singapore, The Hour Glass has entered into tenancy commitments to take up a retail premise at Palais Renaissance in Orchard Road. This is a prestigious up-market shopping centre scheduled for occupation around the second half of 1990. In Kuala Lumpur, expansion plans are under review.

The Group's balance sheet at the end of the financial year was extremely healthy. There were no bank borrowings other than those incurred in the normal course of import transactions. At 31 March 1989 there were cash and surplus funds placed on short term deposits totalling \$5.1 million. We are now actively looking for opportunities to acquire businesses with lifestyle/leisure and service activities and which can complement The Hour Glass existing customer base, marketing skills and distribution network.

The net tangible assets per share was 46 cents compared with 26 cents per share at the end of financial year 1988. In view of the excellent financial performance, the Board is recommending a first and final dividend of 5% and a bonus dividend of 2.5% making a total of 7.5% for the year.

Barring any unforeseen circumstances, the Board expects that the Group will achieve a comparable level of profits in the coming financial year.

The above results will not have been possible without the extraordinary efforts put in by all the staff during the year. On behalf of the Board, I extend to them our sincere gratitude for their hardwork, initiative, discipline and professionalism. I would also like to especially thank our Principals, Suppliers, and Customers for their continuing support.





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## The Hour Glass Story

Beginning in 1979 with only a single retail boutique in Lucky Plaza, The Hour Glass has grown rapidly to become a leader in prestige and speciality watch retailing and wholesaling.

Attention to our original principles of image positioning, strategic marketing, customer service, staff development and the pursuit of excellence continues today with the resultant financial and growth rewards for the Company and its shareholders.

Expansion and diversification into new markets around the Asia-Pacific region has been a further stimulant to profitable growth. Retailing and wholesaling activities in Malaysia, Indonesia, Brunei, Hong Kong and the "Gold Coast" region of Australia have been a source of new business — with promise of further sales and profitability in the coming years.

Last year, The Hour Glass entered into a new phase of business maturity. With its successful offering of shares to the public and listing on SESDAQ on the Stock Exchange of Singapore in October 1988, the Company is well-positioned to take advantage of new areas of opportunity.

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## Retail Operations

With the continuing buoyancy of the retail sector in Singapore, The Hour Glass Group sales have grown dramatically over the past year.

The Hour Glass retail network now encompasses a total of 8 luxury boutiques. In Singapore, these include boutiques in Lucky Plaza, Scotts, Centrepont, Peninsula Plaza and the East and West Wings of Changi International Airport. Overseas, The Hour Glass operates retail boutiques in Yow Chuan Plaza in Kuala Lumpur and in Marina Mirage on the Gold Coast of Australia.

In keeping with The Hour Glass emphasis on association with the premier brands of the world, the Company holds exclusive distribution rights for the following brands in Singapore, Malaysia, Brunei, Indonesia and in some cases the Gold Coast region of Australia: Gerald Genta, Etoile, Blancpain, Breguet, Ulysse Nardin, Alexis Barthelay, Hublot, Laurent Dodane, Revue Thommen, Thorr, Bertolucci, Chopard (Brunei), Patek Phillipe (Gold Coast, Australia) and Delaneau (Gold Coast, Australia and Brunei).

Other leading brands sold within The Hour Glass Group include Rolex, Patek Phillipe, Audemars Piguet, Dunhill, Cartier, Burberrys, Gucci, Omega, Longines, Rado, Seiko and Citizen.

Complimenting the watches are sophisticated jewellery, "Etoile", by Stefan Hafner and fine-quality clocks by Le'Pee, Mathew Norman and Swiza.

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## Subsidiaries

The Hour Glass has 11 subsidiaries, seven of which are operating companies. In aggregate, they accounted 21% of Group profit before taxation during the past financial year.

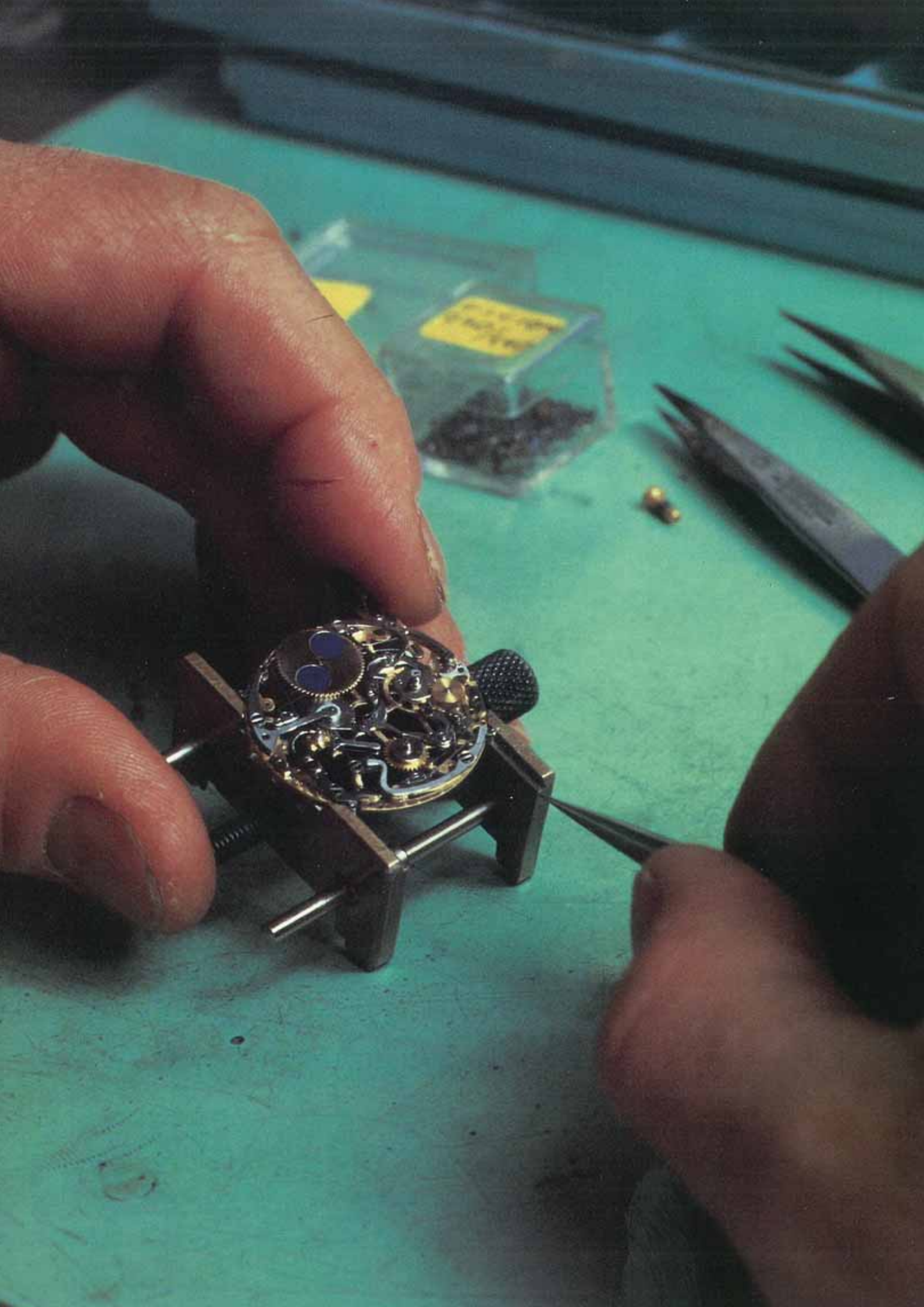
Strategically, the subsidiaries principally are focused on the business activities of wholesaling and geographic (agency) representation. These activities are complimented in selected markets by retailing operations; and in the case of Lakewind Impex Pte Ltd, the sub-contractual manufacturing of the popular "Merlion" brand watch line.

The principal Hour Glass subsidiaries include:

Dynasty Watch Pte Ltd  
Lakewind Impex Pte Ltd  
Astoria Trading Pte Ltd  
The Hour Glass (HK) Limited  
The Hour Glass Sdn Bhd  
The Watch Gallery Holding Co Pty Ltd  
The Watch Gallery Pty Ltd

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## Customer Service

At The Hour Glass, quality after-sales service and customer service are integral elements of our corporate philosophy of understanding and fulfilling the demanding needs of our customers.

All The Hour Glass boutiques have an after-sales service department staffed by specially Swiss-trained technicians.

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## New Business Development

The Hour Glass agency line was further expanded this year with the addition of the exclusive agency for Ulysse Nardin and Bertolucci watches. In the coming year, the Group will continue a growth emphasis on acquiring exclusive agencies for similarly prestigious brands. The development of a line of distinctive The Hour Glass Jewellery represents an additional source of new business opportunity.

In the first step of a diversification programme, The Hour Glass has acquired an effective 51 % interest in Milano Pizza Restaurants Pte Ltd in association with Clementi Recreation Centre Pte Ltd. This acquisition is in line with the Group's expressed objective of acquiring businesses with a lifestyle leisure and service activities emphasis.

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## Human Resource Development

The Hour Glass considers its most important asset to be its human resources. Regular training and skills upgrading programmes are provided for staff in the areas of product knowledge, technical expertise, selling and marketing skills, foreign language proficiency, cross-cultural awareness and management skills development.

Thus a key component of The Hour Glass success has come as a direct result of the commitment and dedication of our staff at all levels of the organization. Fostering teamwork, professionalism and a family spirit among our staff along with providing personal growth and advancement opportunities is a hallmark of The Hour Glass.

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## Community Service

In keeping with the Company philosophy of sharing, The Hour Glass has been actively participating in a number of community service activities over the years via both donations, charity sponsorships and staff involvement in events.

Community service contributions undertaken in the past year included participation in the following community organizations and activities:

Community Chest of Singapore  
Share Programme

Community Chest of Singapore  
(Bal Masque)

Community Chest of Singapore  
(2nd Annual Singapore Film Festival)

Community Chest of Singapore  
(Silver Screen Gala Ball)

People's Association  
(Changkat Community Centre  
Building Fund)

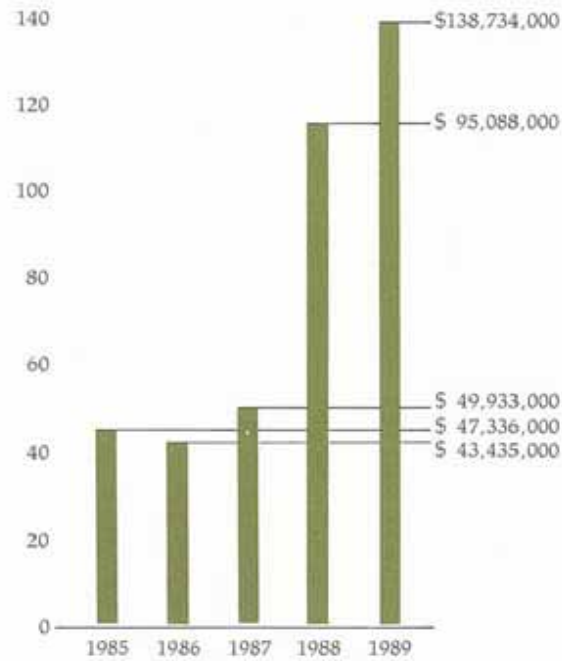
People's Association  
(Yu Hua Community Centre Building  
Fund)

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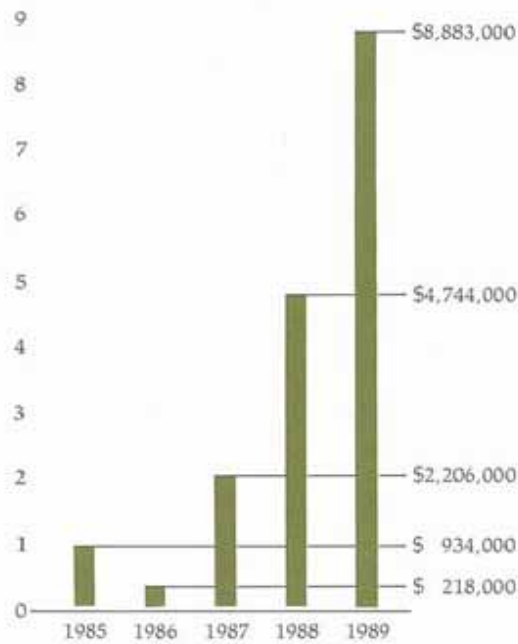
## Financial Highlights

S\$ million



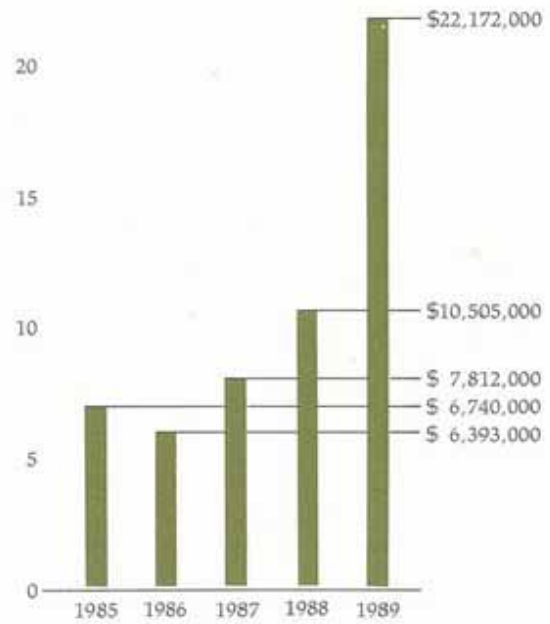
Group Turnover

S\$ million



Group Operating Profit

S\$ million



Group Net Tangible Assets

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## Report of The Directors

The directors have pleasure in presenting their report together with the audited accounts of the company and of the group for the year ended 31 March 1989.

### Principal Activities

The principal activities of the company and its subsidiary companies are the wholesaling and retailing of watches, jewellery and related products.

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

### Results for The Financial Year

	Group	Company
	\$'000	\$'000
Profit after taxation and minority interests	5,871	4,541
Extraordinary item	(75)	(126)
Profit after taxation and extraordinary item	5,796	4,415
Dividends proposed, less tax	(612)	(612)
Retained profit transferred to revenue reserve	5,184	3,803

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 item disclosed in note 7 to the accounts.

### Transfers to/from Reserves and Provisions

The following amount has been credited to:  
Share premium account

Premium on issue of ordinary shares	4,540	4,540
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### Dividends

During the year, the company paid a final dividend of 2.26%, less tax, amounting to \$55,268 and a bonus dividend of 2.74%, less tax, amounting to \$67,000 in respect of the previous year as proposed in the directors' report of that year.

The directors propose a first and final dividend of 5.0%, less tax, amounting to \$408,000 and a bonus dividend of 2.5%, less tax, amounting to \$204,000 to be paid.

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## 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 Michael Kwee Chong-Kok

Mr Timothy Chia Chee Ming

Mr Robert Sia Sok Hia (Appointed on 27 June 1988)

Mr Edmund William Barker (Appointed on 8 June 1989)

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 and the company's holding company, TYC Investment Pte Ltd:

### A. In The Hour Glass Limited

Ordinary shares of \$0.25 each

Name of director	Shareholdings registered in the name of directors		Shareholdings in which 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
Henry Tay Yun Chwan	—	260,000	28,001,000	28,001,000
Chan Siew Lee	—	60,000	28,001,000	28,001,000
Michael Kwee Chong-Kok	—	—	—	30,000
Timothy Chia Chee Ming	—	30,000	—	—
Robert Sia Sok Hia	—	100,000	—	—

### B. In TYC Investment Pte Ltd

Shares of \$1 each

Name of director	Class of shares of \$1 each	Shareholdings registered in the name of directors		Shareholdings in which 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
Henry Tay Yun Chwan	Class A	1	1	—	—
	Ordinary	—	—	499,998	499,998
Chan Siew Lee	Class B	1	1	—	—
	Ordinary	—	—	499,998	499,998

No director who held office at the end of the financial year had an interest in shares or debentures of the company's subsidiaries or the subsidiaries of the company's holding company either at the beginning or end of the financial year.

Apart from the above acquisitions of shares by the directors during the year, there did not subsist any other arrangements, at the end of the financial year, or at any time during that year, 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 and note 20 to the accounts.

### Share Capital

During the year, the company:

- a. sub-divided each of its existing shares of \$1.00 each in the capital of the company into 14,600,000 shares of \$0.25 each
- b. increased its authorised share capital to \$50,000,000 divided into 200,000,000 shares of \$0.25 each
- c. capitalised \$6,350,000 out of the revenue reserves of the company for a bonus issue of 25,400,000 shares of \$0.25 each to the existing shareholders; and
- d. issued 8,000,000 new shares of \$0.25 for cash at a premium of \$0.63 per share to enable the company's shares to be quoted on SESDAQ. These shares rank pari passu in all respects with the existing shares of the company except that they were not entitled to participate in the bonus issue stated in (c.) above.

### Share Option

There is presently no option scheme on unissued shares.

### Acquisition and Disposal of Subsidiaries

Apart from the following three subsidiaries incorporated during the year, there were no acquisitions or disposals of subsidiaries during the year:

	Date of incorporation	Percentage of equity held	Net tangible assets	Consideration
Conni Gordon (S) Pte Ltd	16.05.1988	51%	S\$100,000	S\$126,000
The Watch Gallery Holding Company Pty Ltd	30.06.1988	100%	A\$2	A\$2
The Watch Gallery Pty Ltd	31.08.1988	100%	A\$2	A\$2



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### Other Statutory Information

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps:

- a. to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- b. to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.

At the date of this report the directors are not aware of any circumstances which would render:

- a. the amount written-off for bad debts or the provision made for doubtful debts in the consolidated accounts inadequate to any substantial extent;
- b. the values attributed to current assets in the consolidated accounts misleading.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or accounts of the company and of the group which would render any amount stated in the accounts and consolidated accounts misleading.

At the date of this report:

- a. there are no charges on the assets of the company and of the group which have arisen since the end of the financial year to secure the liability of any other person; and
- b. there are no contingent liabilities which have arisen since the end of the financial year in respect of the company and of the group.

No contingent liability or other liability 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 affect the ability of the company or of the group to meet their obligations as and when they fall due.

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 is likely to affect substantially the results of the operations of the company or of the group for the financial year in which this report is made.

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Apart from the above acquisitions of shares by the directors during the year, there did not subsist any other arrangements, at the end of the financial year, or at any time during that year, 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 and note 20 to the accounts.

### Share Capital

During the year, the company:

- sub-divided each of its existing shares of \$1.00 each in the capital of the company into 14,600,000 shares of \$0.25 each
- increased its authorised share capital to \$50,000,000 divided into 200,000,000 shares of \$0.25 each
- capitalised \$6,350,000 out of the revenue reserves of the company for a bonus issue of 25,400,000 shares of \$0.25 each to the existing shareholders; and
- issued 8,000,000 new shares of \$0.25 for cash at a premium of \$0.63 per share to enable the company's shares to be quoted on SESDAQ. These shares rank pari passu in all respects with the existing shares of the company except that they were not entitled to participate in the bonus issue stated in (c.) above.

### Share Option

There is presently no option scheme on unissued shares.

### Acquisition and Disposal of Subsidiaries

Apart from the following three subsidiaries incorporated during the year, there were no acquisitions or disposals of subsidiaries during the year:

	Date of incorporation	Percentage of equity held	Net tangible assets	Consideration
Conni Gordon (S) Pte Ltd	16.05.1988	51%	S\$100,000	S\$126,000
The Watch Gallery Holding Company Pty Ltd	30.06.1988	100%	A\$2	A\$2
The Watch Gallery Pty Ltd	31.08.1988	100%	A\$2	A\$2



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## Other Statutory Information

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps:

- a. to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- b. to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.

At the date of this report the directors are not aware of any circumstances which would render:

- a. the amount written-off for bad debts or the provision made for doubtful debts in the consolidated accounts inadequate to any substantial extent;
- b. the values attributed to current assets in the consolidated accounts misleading.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or accounts of the company and of the group which would render any amount stated in the accounts and consolidated accounts misleading.

At the date of this report:

- a. there are no charges on the assets of the company and of the group which have arisen since the end of the financial year to secure the liability of any other person; and
- b. there are no contingent liabilities which have arisen since the end of the financial year in respect of the company and of the group.

No contingent liability or other liability 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 affect the ability of the company or of the group to meet their obligations as and when they fall due.

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 is likely to affect substantially the results of the operations of the company or of the group for the financial year in which this report is made.

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Other information required by the Stock Exchange of Singapore

- 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 years remained unchanged from those at 31 March 1989 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 & Whinney, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the board,



HENRY TAY YUN CHWAN  
Chairman



CHAN SIEW LEE  
Director

8 June 1989,  
Singapore

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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:

- i. the balance sheets, profit and loss accounts and consolidated statement of changes in financial position together with the notes thereto, set out on pages 26 to 41 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 1989; and the results of the company and the group, and the changes in financial position of the group, for the year ended 31 March 1989;
- ii. 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  
Director

8 June 1989

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## Report of the auditors to the members of The Hour Glass Limited.

We have audited the accounts set out on pages 26 to 41 in accordance with Statements of Auditing Guideline and Statements of Auditing Practice and accordingly, included such tests of the accounting records and such other auditing procedures as we considered appropriate in the circumstances.

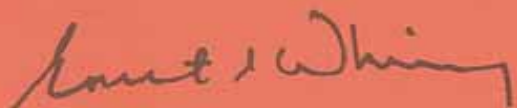
In our opinion:

- a. the accounts are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 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 1989 and of the results of the company and of the group and the changes in financial position of the group for the year ended on that date; and
  - ii. the other matters required by Section 201 of the Act to be dealt with in the accounts and consolidated accounts.
- b. the accounting and other records and the registers required by the Act to be kept by the company and by its subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and auditors' reports of all the subsidiary companies for which we have not acted as auditors and whose accounts have been included in the consolidated accounts. The subsidiary companies audited by our associated firms are indicated in Note 11.

We are satisfied that the accounts of the subsidiaries that are consolidated with the accounts of the holding company are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts, and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the accounts 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 & WHINNEY  
Certified Public Accountants

8 June 1989  
Singapore

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# Profit and Loss Accounts for the year ended 31 March 1989

	Note	Group		Company	
		1989	1988	1989	1988
		\$'000	\$'000	\$'000	\$'000
Turnover	3	138,734	95,088	129,979	90,033
Operating profit	4	8,883	4,727	7,019	4,299
Rental income		19	17	19	17
Interest income		86	—	84	—
Interest expense	5	(132)	(188)	(131)	(188)
Profit before taxation		8,856	4,556	6,991	4,128
Taxation	6	(2,995)	(1,667)	(2,450)	(1,522)
Profit after taxation		5,861	2,889	4,541	2,606
Minority interests		10	(7)	—	—
Extraordinary items	7	5,871 (75)	2,882 —	4,541 (126)	2,606 —
Profit attributable to members of the company		5,796	2,882	4,415	2,606
Dividends	8	(612)	(189)	(612)	(189)
Retained profit		5,184	2,693	3,803	2,417
Earnings per share	9	13.3c	7.2c		

## Statement of revenue reserve

Balance at beginning of the year	6,694	4,001	6,476	4,059
Capitalisation of reserves for bonus issue of shares	(6,350)	—	(6,350)	—
Exchange differences arising on consolidation	(57)	—	—	—
Retained profit	5,184	2,693	3,803	2,417
Balance at end of the year	5,471	6,694	3,929	6,476

*The notes on pages 30 to 41 form an integral part of the accounts.*

# Balance Sheets as at 31 March 1989

	Note	Group		Company	
		1989	1988	1989	1988
		\$'000	\$'000	\$'000	\$'000
Fixed Assets	10	3,083	721	2,587	658
Subsidiary Companies	11	—	—	3,331	2,350
Current Assets —					
Stocks		25,662	19,459	21,315	17,620
Trade debtors	12	1,964	1,381	744	588
Other debtors	13	639	730	552	664
Fixed deposits		2,738	—	2,678	—
Cash and bank balances		2,423	643	1,598	22
		33,426	22,213	26,887	18,894
Less: Current Liabilities —					
Amount due to bankers	14	250	2,167	250	2,167
Trade creditors		10,285	8,383	8,740	7,737
Amount owing to related company		—	67	—	67
Provision for taxation		3,121	1,659	2,573	1,522
Proposed dividend, net		612	122	612	122
		14,268	12,398	12,175	11,615
Net Current Assets		19,158	9,815	14,712	7,279
		22,241	10,536	20,630	10,287
Share Capital	15	12,000	3,650	12,000	3,650
Capital Reserve	16	161	161	161	161
Share Premium	17	4,540	—	4,540	—
Revenue Reserve		5,471	6,694	3,929	6,476
		22,172	10,505	20,630	10,287
Minority Interest		69	31	—	—
		22,241	10,536	20,630	10,287

The notes on pages 30 to 41 form an integral part of the accounts.



**Consolidated Statement of Changes in Financial Position  
for the year ended 31 March 1989**

	1989	1988
	\$'000	\$'000
<b>Sources of Funds</b>		
Profit before taxation	8,856	4,556
Adjustment for non-fund items —		
Depreciation of fixed assets	695	554
(Gain)/Loss on disposal of fixed assets	(39)	17
Funds generated from operations	9,512	5,127
<b>Funds from other Sources</b>		
Shares issued by company	6,540	—
Proceeds from disposal of fixed assets	62	1
Consolidation exchange adjustments	—	2
	16,114	5,130
<b>Application of Funds</b>		
Incorporation of subsidiaries	126	36
Purchase of fixed assets	3,081	537
Income tax paid	1,533	626
Dividends paid	122	67
Consolidation exchange adjustments	57	—
	4,919	1,266
<b>Increase In Working Capital</b>	11,195	3,864
<b>Represented by:</b>		
Increase in stocks	6,203	4,160
Increase/(decrease) in debtors	492	(58)
Increase in creditors	(1,902)	(3,142)
Decrease in amount owing from related companies	67	774
	4,860	1,734
<b>Movement in net liquid funds:</b>		
Decrease in amount owing to bankers	1,917	1,693
Increase in fixed deposits, bank balances and cash	4,418	437
	6,335	2,130
	11,195	3,864

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The incorporations of Conni Gordon (S) Pte Ltd, The Watch Gallery Holding Company Pty Ltd and The Watch Gallery Pty Ltd have been shown in the statement as a single item. The effect on the individual asset and liability is set out below:

	\$'000
Cash and bank balances	100
Minority interest	(49)
	51
Cash paid	(126)
Goodwill	(75)

*The notes on pages 30 to 41 form an integral part of the accounts.*

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**1. Significant Accounting Policies**

**a. Basis of Accounting**

The accounts of the company and of the group are prepared under the historical cost convention modified by the revaluation of a freehold premise.

**b. Basis of Consolidation**

The accounting year of the company and all its subsidiaries ends on 31 March and the consolidated accounts incorporate the accounts of the company and all its subsidiaries. The results of subsidiaries acquired or disposed of during a 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. Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in paragraph (h) 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. Subsidiaries**

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

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**e. Fixed Assets**

Fixed assets are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price 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 accounts 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 reserve relating to previous revaluation of the same class of assets.

**f. Stocks**

Stocks comprising trading stocks are valued at the lower of cost and net realisable value with cost being determined principally on the specific identification basis. Net realisable value is arrived at after due allowance is made for all obsolete, damaged and slow-moving stocks.

**g. 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.

**h. Foreign Currencies**

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Foreign currency assets and liabilities are converted into local currency at year-end exchange rates. All exchange differences arising from conversion are included in the profit and loss account.

On consolidation, all assets and liabilities of overseas subsidiaries 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 group retained reserves.

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

Freehold premises	—	50 years
Furniture and equipment	—	2 to 5 years
Motor vehicles	—	5 years

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

## 2. General

The company, incorporated in Singapore, was converted into a public company on 5 September 1988 and adopted the name of The Hour Glass Limited (formerly known as The Hour Glass Private Limited). On 3 October 1988, the company was admitted to the Official List of SESDAQ.

The company is a subsidiary of TYC Investment Pte Ltd, incorporated in Singapore.

In previous year, the holding company was Averiana Investment Pte Ltd and the ultimate holding company was TYC Investment Pte Ltd.

The principal activities of the group are the retailing and wholesaling of watches, jewellery and related products with the exception of a subsidiary company, Conni Gordon (S) Pte Ltd, whose principal activity is wholesaling of educational materials. There have been no significant changes in the nature of these activities during the year under review.

## 3. Turnover

This represents invoiced trading sales after deducting allowances for goods returned and trade discounts.

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Turnover is analysed as follows:				
External customers	138,734	95,088	117,585	87,578
Subsidiaries	—	—	12,394	2,455
	138,734	95,088	129,979	90,033

#### 4. Operating Profit

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Operating profit is stated after charging/(crediting):				
Auditors' remuneration	51	46	25	25
Depreciation	695	554	586	507
Directors' emoluments —				
Directors of the company	1,689	748	1,689	748
Other directors of subsidiaries	55	32	—	—
Rent of premises	4,470	3,286	4,312	3,107
(Gain)/loss on disposal of fixed assets	(39)	17	(57)	8
Bad debts recovered	(42)	—	(42)	—
Provision for doubtful debts	78	273	49	185

#### 5. Interest Expense

Interest on bank overdraft and bills payable	(132)	(167)	(131)	(167)
Other interest expense	—	(21)	—	(21)
	(132)	(188)	(131)	(188)

#### 6. Taxation

Provision for taxation in respect of profit for the year:

Current year	(2,984)	(1,607)	(2,450)	(1,462)
Under provision in respect of previous years	(11)	(60)	—	(60)
	(2,995)	(1,667)	(2,450)	(1,522)

The taxation charge for the group materially differs from the amount determined by applying the Singapore income tax rate of 32% to the pre-tax profits because of non-deductible expenses and difference in tax rates applicable to overseas subsidiaries.



## 7. Extraordinary Items

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Extraordinary items comprise of:				
Provision for diminution in value of investment in subsidiary	—	—	(126)	—
Goodwill on consolidation	(75)	—	—	—
	(75)	—	(126)	—

## 8. Dividends

Interim — nil				
(1988 — 2.74%) less tax	—	(67)	—	(67)
Final proposed 5.0%				
(1988 — 2.26%) less tax	(408)	(55)	(408)	(55)
Bonus proposed 2.5%				
(1988 — 2.74%) less tax	(204)	(67)	(204)	(67)
	(612)	(189)	(612)	(189)

## 9. Earnings per Share

Earnings per share are calculated by dividing the net profit after tax and minority interest with 44,000,000 (1988: 40,000,000) ordinary shares which represents the weighted average of shares in issue during the year. The previous year's figure has been adjusted to take into consideration the subdivision and bonus issue of shares.

## 10. Fixed Assets

Group	Freehold premises	Leasehold premises	Furniture and equipment	Motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost and valuation —					
At 1 April 1988	320	—	1,117	294	1,731
Currency realignment	—	—	(14)	—	(14)
Additions	—	1,329	1,304	448	3,081
Disposals	—	—	(324)	(125)	(449)
At 31 March 1989	320	1,329	2,083	617	4,349
Accumulated depreciation —					
At 1 April 1988	46	—	733	231	1,010
Currency realignment	—	—	(13)	—	(13)
Charge for 1989	7	11	600	77	695
Disposals	—	—	(304)	(122)	(426)
At 31 March 1989	53	11	1,016	186	1,266
Charge for 1988	7	—	515	32	554
Net book value —					
At 31 March 1989	267	1,318	1,067	431	3,083
At 31 March 1988	274	—	384	63	721
Analysis of cost and valuation —					
At 31 March 1989					
Cost	—	1,329	2,083	617	4,029
Valuation 1982	320	—	—	—	320
	320	1,329	2,083	617	4,349
At 31 March 1988					
Cost	—	—	1,117	294	1,411
Valuation 1982	320	—	—	—	320
	320	—	1,117	294	1,731

The valuation in 1982 was made by the directors and was based on a professional appraisal by independent valuers.



The properties included in freehold and leasehold premises are as follows:

**Freehold**

36.9 square metres shop unit at Lucky Plaza, situated at 304 Orchard Road.

**Leasehold**

41.9 square metres shop unit at Centrepoint, situated at 176 Orchard Road.

Company	Freehold premises	Leasehold premises	Furniture and equipment	Motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost and valuation —					
At 1 April 1988	320	—	898	293	1,511
Additions	—	1,329	752	439	2,520
Disposals	—	—	(293)	(125)	(418)
At 31 March 1989	320	1,329	1,357	607	3,613
Accumulated depreciation —					
At 1 April 1988	46	—	576	231	853
Charge for 1989	7	11	491	77	586
Disposals	—	—	(291)	(122)	(413)
At 31 March 1989	53	11	776	186	1,026
Charge for 1988	7	—	468	32	507
Net book value —					
At 31 March 1989	267	1,318	581	421	2,587
At 31 March 1988	274	—	322	62	658
Analysis of cost and valuation —					
At 31 March 1989					
Cost	—	1,329	1,357	607	3,293
Valuation 1982	320	—	—	—	320
	320	1,329	1,357	607	3,613
At 31 March 1988					
Cost	—	—	898	293	1,191
Valuation 1982	320	—	—	—	320
	320	—	898	293	1,511

## 11. Subsidiary Companies

	Company	
	1989	1988
	\$'000	\$'000
Unquoted shares, at cost less provision of \$309,000 (1988 — \$183,000)	1,495	1,504
Amount owing by subsidiary companies	2,701	870
Amount owing to subsidiary companies	(865)	(24)
	3,331	2,350

The subsidiary companies of the company are:

Name	Country of incorporation and place of business	Percentage of equity held	
		1989	1988
Dynasty Watch Pte Ltd	Singapore	100	100
Lakewind Impex Pte Ltd	Singapore	80	80
Astoria Trading Pte Ltd	Singapore	100	100
Conni Gordon (S) Pte Ltd	Singapore	51	—
Transland Realty Pte Ltd	Singapore	100	100
Orchard Watch Co Pte Ltd	Singapore	100	100
The Hour Glass Sdn Bhd*	Malaysia	95	95
The Hour Glass (HK) Ltd*	Hong Kong	100	100
Gerald Genta (HK) Ltd*	Hong Kong	100	100
The Watch Gallery Holding Company Pty Ltd*	Australia	100	—
The Watch Gallery Pty Ltd*	Australia	100	—

\* Audited by associated firms.

## 12. Trade Debtors

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Trade debtors are stated after deducting provision for doubtful debts of	507	517	295	330
Bad debts written off against provision for doubtful debts amounted to \$46,000 (1988 — \$268,000) for the group and \$42,000 (1988 — \$216,000) for the company.				



### 13. Other Debtors

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Rental and other deposits	447	449	425	426
Recoverables	85	151	85	137
Others	107	130	42	101
	639	730	552	664

### 14. Amount due to Bankers

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Overdrafts, secured	—	1,980	—	1,980
Trust receipts	250	187	250	187
	250	2,167	250	2,167

In the previous year, the bank overdraft was secured by a fixed charge on the company's freehold premises and other fixed assets and a floating charge on all other assets of the company. The amounts were also guaranteed by the company's holding company. As at 31 March 1989, all charges were released.

## 15. Share Capital

	1989	1988
	\$'000	\$'000
Authorised: 200,000,000 (1988: 5,000,000) ordinary shares of \$0.25 (1988: \$1.00) each	50,000	5,000
Issued and fully paid: 48,000,000 (1988: 3,650,000) ordinary shares of \$0.25 (1988: \$1.00) each	12,000	3,650
During the year: 3,650,000 shares were subdivided into 14,600,000 ordinary shares of \$0.25 each	3,650	—
25,400,000 shares were issued as a bonus by capitalisation of revenue reserves	6,350	—
8,000,000 shares were issued for cash at a premium of \$0.63 per share	2,000	—
	12,000	—

The 8,000,000 new shares issued were not entitled to participate in the above bonus shares issued but thereafter rank *pari passu* in all respects with the other shares.

## 16. Capital Reserve

	Group and Company	
	1989	1988
	\$'000	\$'000
Surplus arising from the revaluation of freehold premises	161	161



## 17. Share Premium

	Group and Company	
	1989	1988
	\$'000	\$'000
Premium on issue of ordinary shares	5,040	—
Expenses on issue of ordinary shares	(500)	—
	4,540	—

## 18. Turnover, Profits and Assets Employed by Segment

By geographical locations based on countries of incorporation	Singapore	Asia Pacific Region	Consolidated
	\$'000	\$'000	\$'000
1989			
Sales to external customers	121,590	17,144	138,734
Operating profit	7,602	1,281	8,883
Assets employed	29,326	4,445	33,771

The group operates primarily in the watch and jewellery business.

Assets employed do not include fixed deposits.

## 19. Capital Commitments

	Group		Company	
	1989	1988	1989	1988
	\$'000	\$'000	\$'000	\$'000
Commitments in respect of contracts placed	203	100	—	100

## 20. Related Party Transactions

During the year, the company purchased the shop unit at Centrepoint, situated at 176 Orchard Road, at a total consideration of \$1.285 million from TYC Investment Pte Ltd in which two directors of the company have interests. The purchase was made on a commercial basis under an arrangement which has been approved by the company in a general meeting.

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## 21. Subsequent Event

Subsequent to 31 March 1989, the following events occurred:

- a. a subsidiary company, Conni Gordon (S) Pte Ltd, ceased trading;
- b. and the company entered into an agreement with a third party to acquire shop units at the Peninsula Plaza for a cash consideration of \$4.418 million.

## 22. Comparative Figures

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

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#### Shareholding Statistics as at 23 June 1989

Authorised Share Capital: \$50,000,000  
Issued Share Capital : \$12,000,000  
Class of Shares : Ordinary Shares of \$0.25 each  
Voting Rights : One vote per share

#### Analysis of Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 — 1,000	457	67.01	457,000	0.95
1,001 — 5,000	125	18.33	396,000	0.82
5,001 — 10,000	31	4.54	276,000	0.58
10,001 — Above	69	10.12	46,871,000	97.65
Grand Total	682	100.00	48,000,000	100.00

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## Statistics on Shareholdings

### Twenty Largest Shareholders

	Shares registered in the name of shareholders	Shares registered in the name of The Central Depository Pte Ltd	Total Share- holdings	%
1. DBS Nominees Pte Ltd	12,701,000	2,723,000	15,424,000	32.13
2. Prudential Asset Management Asia Ltd	11,999,000	—	11,999,000	25.00
3. TYC Investment Pte Ltd	11,300,000	—	11,300,000	23.54
4. Key Hope Investment Ltd	4,000,000	—	4,000,000	8.33
5. DBS Securities Nominees Pte Ltd	—	632,000	632,000	1.32
6. Hong Leong Finance Ltd	—	355,000	355,000	0.74
7. Teh Kok Thye Aloysius	—	260,000	260,000	0.54
8. Ramsey Jeremy Charles Gordon	—	200,000	200,000	0.42
9. Seven Gems Pte Ltd	—	200,000	200,000	0.42
10. Kuwait Asia Bank Nominees Pte Ltd	—	185,000	185,000	0.39
11. Mdm Loh Swee Lan	—	150,000	150,000	0.31
12. Mdm Chan Siew Moon	—	140,000	140,000	0.29
13. Foo Chik Kin	—	140,000	140,000	0.29
14. Dr Yeoh Kian Hian	—	140,000	140,000	0.29
15. Mr B Zalcman	—	100,000	100,000	0.21
16. Francisca Wong Yoke Sin	—	100,000	100,000	0.21
17. Sia Sok Hia	—	100,000	100,000	0.21
18. Mr Chong Len To	—	86,000	86,000	0.18
19. Chan Swee Kheng, Kenny	—	77,000	77,000	0.16
20. Ms Lim Tit Lian	—	60,000	60,000	0.12
	40,000,000	5,648,000	45,648,000	95.10

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## Notice of Annual General Meeting

Notice is hereby given that the 10th Annual General Meeting of the Company will be held at the Mercury Room, 4th Floor, The Westin Stamford & Westin Plaza, 2 Stamford Road, Singapore 0617 at 3.30 pm on Friday 18 August 1989 for the following purposes:

### As Ordinary Business

1. To receive the Directors' Report, Auditors' Report and Accounts for the year ended 31 March 1989.
2. To approve the payment of a First and Final Dividend of 5% and a Bonus Dividend of 2.5% less 32% Singapore income tax.
- 3a. To re-elect Dr Henry Tay Yun Chwan who retires in accordance with Article 99 and being eligible, offers himself for re-election.
- 3b. To re-elect Mr Michael Kwee Chong-Kok who retires in accordance with Article 99 and being eligible, offers himself for re-election.
4. To re-elect Mr Edmund William Barker who retires in accordance with Article 103 and being eligible, offers himself for re-election.
5. To appoint Auditors and to fix their remuneration.
6. To transact any ordinary business of the Company.

### As Special Business

7. To consider and if thought fit, pass the following as an Ordinary Resolution: "That pursuant to Section 161 of the Companies Act, Cap. 50 approval be and is hereby given to the Directors to issue shares in the Company 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 10 per cent of the issued capital of the Company for the time being."

By Order of the Board



Wong Cheng Han  
Secretary

Singapore  
27 July 1989

### Note:

A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of him, and the proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Registered Office of the Company not later than 48 hours before the Meeting.

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## **Singapore**

### **Head Office:**

268 Orchard Road, #18-01 Yen San Building  
Singapore 0923. Tel: 7379103  
Fax: 7328683 Tlx: HOURS RS 35252

### **Boutique:**

#### **Lucky Plaza**

304 Orchard Road, #01-36B Lucky Plaza  
Singapore 0923. Tel: 7342420/1

#### **Scotts**

6 Scotts Road, #01-10 Scotts  
Singapore 0922. Tel: 2356527/2357198

#### **Centrepont**

176 Orchard Road, #01-21/22 Centrepont  
Singapore 0923. Tel: 7341598/7341603

#### **Peninsula Plaza**

111 North Bridge Road,  
#01-01/02 Peninsula Plaza  
Singapore 0617. Tel: 3378309/3385663

#### **Changi International Airport**

Departure/Transit Lounge East & West Wings  
Tel: 5429069/5429060

## **Malaysia**

### **Boutique:**

#### **Yow Chuan Plaza**

G8/9 Ground Floor  
Jalan Pekililing, Kuala Lumpur  
Tel: 2438601/2438717

## **Australia**

### **Boutique:**

#### **THE WATCH GALLERY PTY LTD**

Marina Mirage, Unit 128/129  
Seaworld Drive, Main Beach  
Surfers Paradise, Queensland  
Tel: (75) 327183 Fax: (75) 510502

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