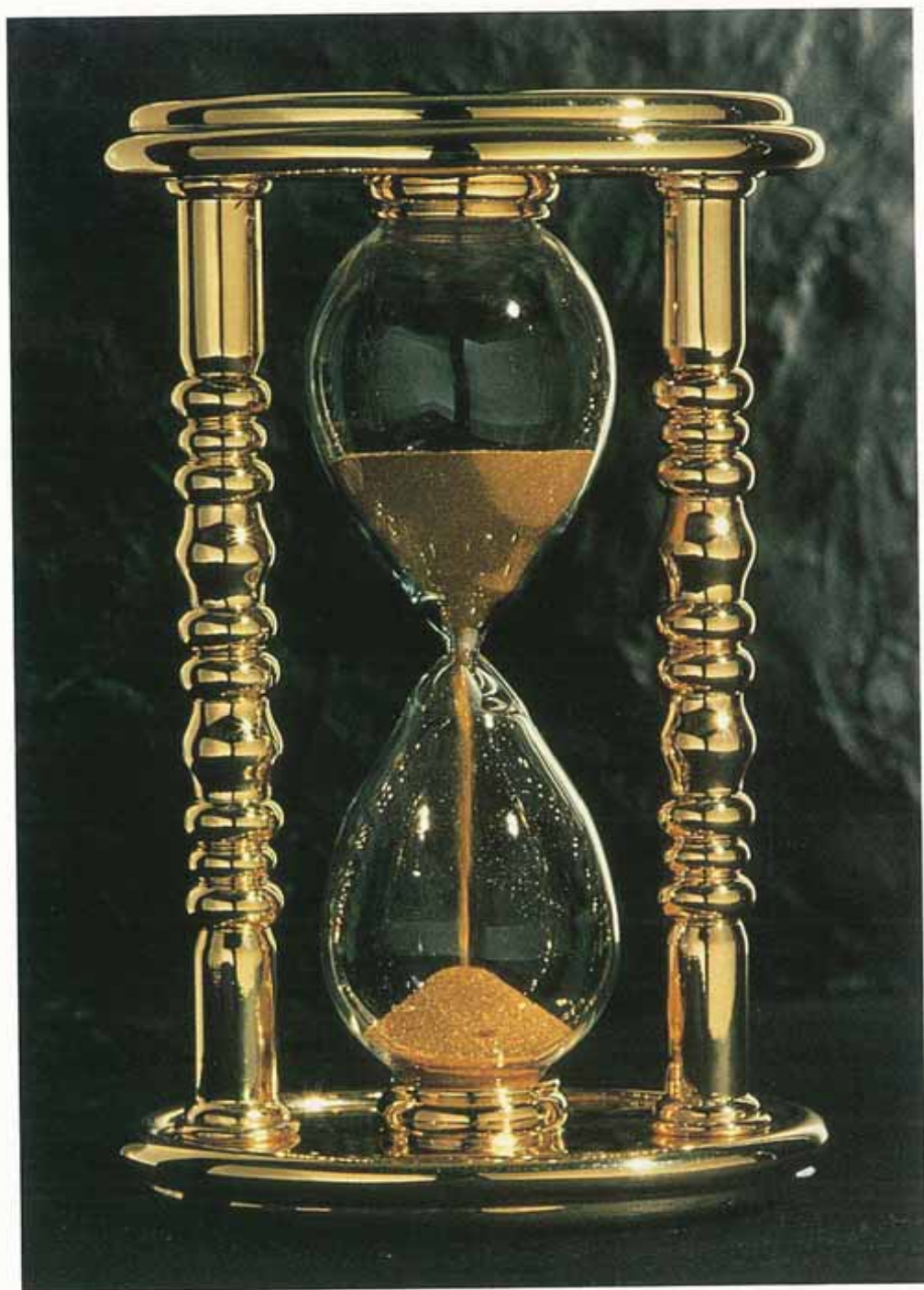


The Hour Glass Limited
Annual Report 1991







The 1990 Enterprise of the Year Award, an encouragement to The Hour Glass in its pursuit of excellence.

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Board of Directors (from left to right) Dr Henry Tay Yun Chwan, Mdm Chan Siew Lee, Mr Edmund William Barker, Mr Chia Chee Ming, Mr Michael Kwee Chong-Kok (not in picture).

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 Chia Chee Ming
Mr Robert Sia Sok Hia (Resigned 28 September 1990)

Secretaries

Francisca Wong Yoke Sin
Wong Cheng Han

Registered Office

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

Registrar/Warrant Agent

Lim Associates (Pte) Ltd
36 Robinson Road #17-00
City House
Singapore 0106
Telephone: 2201135

Trustee

British & Malayan Trustees Limited

Auditors

Ernst & Young

Solicitors

Drew & Napier

Principal Bankers

Development Bank of Singapore Ltd
Hongkong & Shanghai Banking Corporation Ltd



Dr Henry Tay holding the gold Hour Glass specially designed and commissioned in connection with the Corporate Identity launch in 1990.

CHAIRMAN'S STATEMENT

The year in review has been a difficult one for retailers in Singapore and around the world. Economic downturns, the Gulf Crisis and reduced travel/consumer spending have adversely affected sales in many sectors, particularly in the second half of the year.

Despite the difficult retail environment, the Group achieved sales of \$190.8 million, representing an increase of 36% over the previous year. This includes a real increase of 22% on existing business with the remaining 14% increase from new businesses and outlets namely, Gerald Genta (HK) Ltd, Amita-Hour Glass Pte Ltd, Mondial Jewellers Pte Ltd, the boutiques at Palais Renaissance Shopping Centre, Skygarden Shopping Centre in Sydney, Australia and Lot 10 in Kuala Lumpur, Malaysia.

The Group profit before tax of \$4,928,000 in the first half was promising, being a net increase of 16% over the same period last year. In the second half, Group operating profit dropped largely because of the Gulf Crisis in August '90, which escalated into war in January '91. The threats of terrorism further dampened worldwide travel and retail sentiment. Overall group profit before tax dipped 5.9% for the year to \$9.2 million.

In anticipation of slower economic growth, we began diversifying and consolidating last year in order to secure the long-term viability and success of the Group. One of the strategies is through the building of a global and regional business platform. To this end, we opened a second outlet in Australia in Sydney and another in Kuala Lumpur. We also tied up a joint venture with the Dharmala group to operate a retail outlet in Jakarta under sub-licensing and technical assistance arrangements. In Hong Kong a joint venture with Swiss Prestige Ltd was established to wholesale Gerald Genta more aggressively.

In Singapore, we opened our 7th outlet at Palais Renaissance, and expanded our Agency lines by securing the distribution rights for Christian Dior watches.



The Tourbillon from Gerald Genta — a complicated movement that defies the effect of gravity — a masterpiece created entirely by hand.

CHAIRMAN'S STATEMENT

Through our newly acquired joint venture jewellery business, Mondial Jewellers Pte Ltd, we opened our second outlet in Scotts Shopping Centre. Its business has picked up rapidly and should make increasing contributions to group profits.

Later this year, both Mondial and The Hour Glass will each be opening a boutique at The Raffles, a shopping arcade adjoining the historic Raffles Hotel.

In the lifestyle field, our subsidiaries operating the Milano Pizza Restaurant chain are in the process of changing their image from a 'fast food' restaurant to an all-Italian home style restaurant. The change of image augments steps taken to improve the ambience of the outlets and the standard of customer service, the relocation of outlets to key population catchment areas to widen customer base, and the creation of innovative distribution channels, eg. Milano on Wheels.

It was stated in the last Annual Report that we had proposed a Bonus Issue of one share for every four shares held by capitalisation of the Share Premium Account, and a Rights Issue of Loan Stock with detachable warrants to raise \$20.5 million. We are pleased to advise that the Bonus and Rights Issues were completed during the year.

Although we anticipate that the present retail market climate will continue into the next year, we are confident that the investments over the past year will benefit the Group in the future.

We wish to recommend a final dividend of 5% less tax for the financial year just ended.

On behalf of the board, I extend our sincere thanks to all our staff who have worked extremely hard during this difficult period. I would also like to thank our Principals, Suppliers, Business Partners and Customers for their continuing support and confidence in The Hour Glass Group.

Finally, I would like to record my appreciation for the guidance which fellow members on the Board had extended to me during the year.

Dr Henry Tay Yun Chwan
Executive Chairman
18 July 1991



Customer service training and a new "corporate look" have strengthened the image of the watch boutiques.

RETAIL OPERATIONS

Faced with the Gulf Crisis and a competitive market, The Hour Glass has adopted the strategy to sacrifice trading margins to enable it to conclude sales. This strategy allows The Hour Glass to increase sales over the previous year despite difficult trading conditions.

The Hour Glass retail network in the Asia Pacific Region encompasses a total of eight boutiques with four new additions during the year. In Singapore, these include boutiques in Lucky Plaza, Scotts, Centrepont, Peninsula Plaza, the East and West Wings of Changi International Airport and Palais Renaissance. Overseas, these include boutiques in Yow Chuan Plaza and Lot 10 in Kuala Lumpur, Malaysia; in Marina Mirage on the Gold Coast and Sky Garden Centre in Sydney, Australia; and in Plaza Indonesia in Jakarta, Indonesia, under sub-licensing arrangements.

In view of rising labour and rental costs and the uncertainty of the retail market, the next financial year will be one of consolidation, other than the commitment to open a boutique at The Raffles. This is a shopping arcade adjoining the world renowned Raffles Hotel and is considered to be a strategic location.

Greater emphasis will be given to fine tuning control systems, particularly inventory control and staff productivity. These measures will help to counteract the effect of the slow retail sectors.



The Art of Breguet: Exhibition of antique timepieces at Empress Place.



CUSTOMER SERVICE AND HUMAN RESOURCES

Customer service is not restricted to the sale of watches but, more importantly, also includes follow-up servicing and repairs. We have a team of eight watch technicians, majority of whom are Swiss-trained, with a total of over a hundred years of watch repair experience.

Through their technical knowledge and experience working behind the scene, they uphold The Hour Glass reputation for professional after-sales service.

In addition to the technicians, The Hour Glass also has the solid support of the watch makers in Switzerland in respect of brands where we hold exclusive agencies.

In the area of staff training and development, the Company continues to sponsor staff for courses that are relevant to their current job functions. Regular in-house training is conducted by the Managing Director herself as well as the managers.

An Employees' Handbook documenting the terms and conditions of employment and various staff benefits, has been developed.

We have also upgraded the annual leave entitlement of all staff who have worked for a minimum of four years with the Company. We believe that with more time granted for leisure and relaxation, staff will be more work-productive and this will ultimately foster a stronger sense of loyalty towards the Company.



Mr Robert Sessa, Mr C H Chen, Mr Francis Foo & Mr Bernard Thureau at the launch of Christian Dior at the Goodwood Park Hotel (above), and the contoured Blackmoon Bagheera (right).



WHOLESALE OPERATIONS

The Company has over the years secured exclusive agencies for several brands of watches and clocks.

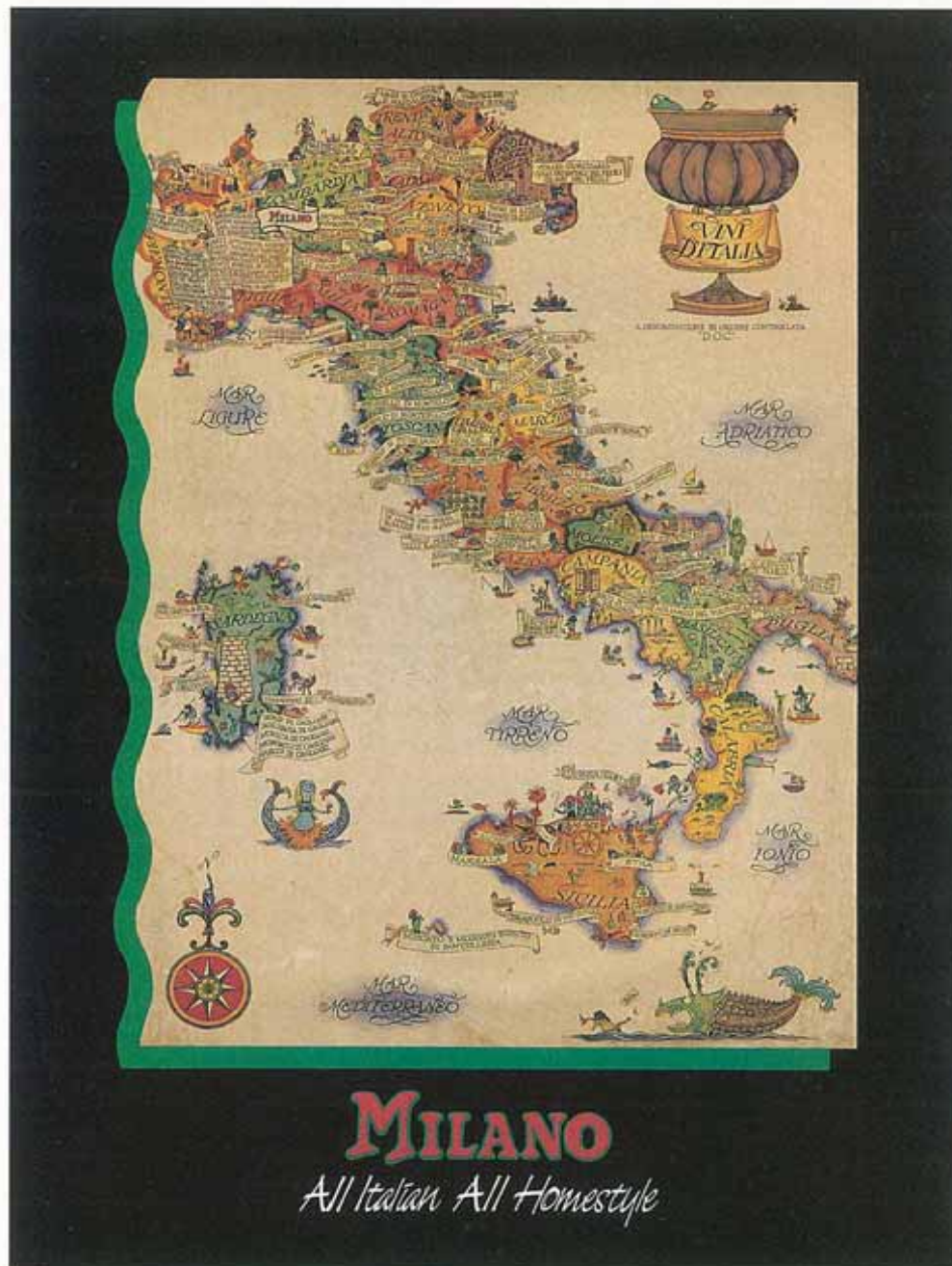
The most prestigious of these brands (such as Gerald Genta, Blancpain, Bertolucci, Breguet, Alexis Barthelay, Hublot and Ulysee Nardin) are distributed only to The Hour Glass boutiques. Medium range fashion watches are distributed through Lakewind Impex Pte Ltd and Dynasty Watch Pte Ltd to The Hour Glass as well as other retailers in Singapore, Malaysia and Indonesia. During the year, Lakewind Impex acquired the agency rights for Christian Dior watches for Singapore in addition to its rights for Indonesia and Brunei which were acquired in the previous year.

As with the rest of the retail sector, the businesses of our dealers have been adversely affected by the Gulf War. This is particularly true of the more popular range of watches. Therefore, sales of Dynasty Watch saw a decrease of over 30%. However, due to successful marketing in Indonesia and Singapore of Christian Dior watches, sales of Lakewind Impex have increased substantially.

As part of the wholesale division marketing activities during the year, The Hour Glass participated in the Singapore leg of the worldwide Breguet exhibition, in addition to the hosting of exhibitions of Bertolucci, Ulysee Nardin, and Revue Thommen watches. It also sponsored a Gold Cup race at the Singapore Turf Club for Gerald Genta.

Subsidiary Dynasty Watch participated as main sponsor for the Miss Malaysia Chinatown International Pageant 1990 in Kuala Lumpur, and was a presenter for the Singapore Model of the World 1990 event as part of the promotion for Laurent Dodane watches.

Concerted efforts will continue to be made towards developing the Indonesian and Malaysian markets as these areas will provide opportunities for growth in the coming years.



Projecting the new image of Milano — the all Italian home-style restaurant (above) and an innovative distribution outlet — Milano on Wheels (right).



MILANO

During the year, Hour Glass Lifestyle Pte Ltd, the holding company of the Milano Pizza chain of restaurants, completed its objective of buying back all the Milano restaurants under franchise by adding the Serangoon Gardens outlet under its control. This brings the current total of company-owned restaurants to eight. The other seven outlets are located at Holland Village, Thomson Plaza, Parkway Parade, Funan Centre, Cuppage Plaza, Marina Square and Lucky Plaza.

To further its objective of moving away from the image of being known as a fast food pizza chain, the operating entities have changed their names from "Milano Pizza Restaurants" to Milano Restaurants. In the current year it will actively promote itself as an all-Italian home style restaurant chain.

In conjunction with the change of image, Milano also ventured into new income-producing avenues which included Milano's Home/Office Delivery service and Milano at Shell.

The home/office delivery service commenced in November 1990 and, though not yet fully computerised, is gaining momentum and should prove to be an important source of revenue to the company. The home/office delivery market is still in its infancy but, as has been proven in other developed countries, will grow as busy working people are now more inclined to pay for convenience. A restricted menu of snack items catering to motorists is offered at Shell stations.

The above new initiatives are significant moves to counter the adverse effect the Gulf War had on shopping centre traffic and, consequently, our restaurants. Other steps taken include a systematic and critical review of the locations of our restaurants. Where considered necessary, current leases will be given up and new outlets opened at population catchment areas, tourist destinations and areas enjoying high pedestrian traffic. With the resultant wider customer base, consistent quality of food and standard of service now being put in place, the Milano restaurant group is ready to take off to a better year ahead.



Fine jewellery from Mondial (above & right).



MONDIAL

Last year, Mondial Jewellers, an established name in fine jewellery and diamonds in Singapore and the region, became a subsidiary of The Hour Glass.

Mondial operates through two outlets, one at Promenade and the other in Scotts Shopping Centre. Later this year, a third outlet is planned to open in The Raffles.

The Mondial product range exemplifies European designs within a most comprehensive price range which enables the company to provide "something for everyone". Recently, the company has inspired the launch of a new publication called 'MONDIAL COLLECTION', a magazine for art lovers and collectors.

Although focused on retail in Singapore, the company also engages in wholesale activity in Australia, Hong Kong and Europe.



The shop house at 57 Boat Quay in its current state (above) and an artist's sketch after renovation (right).



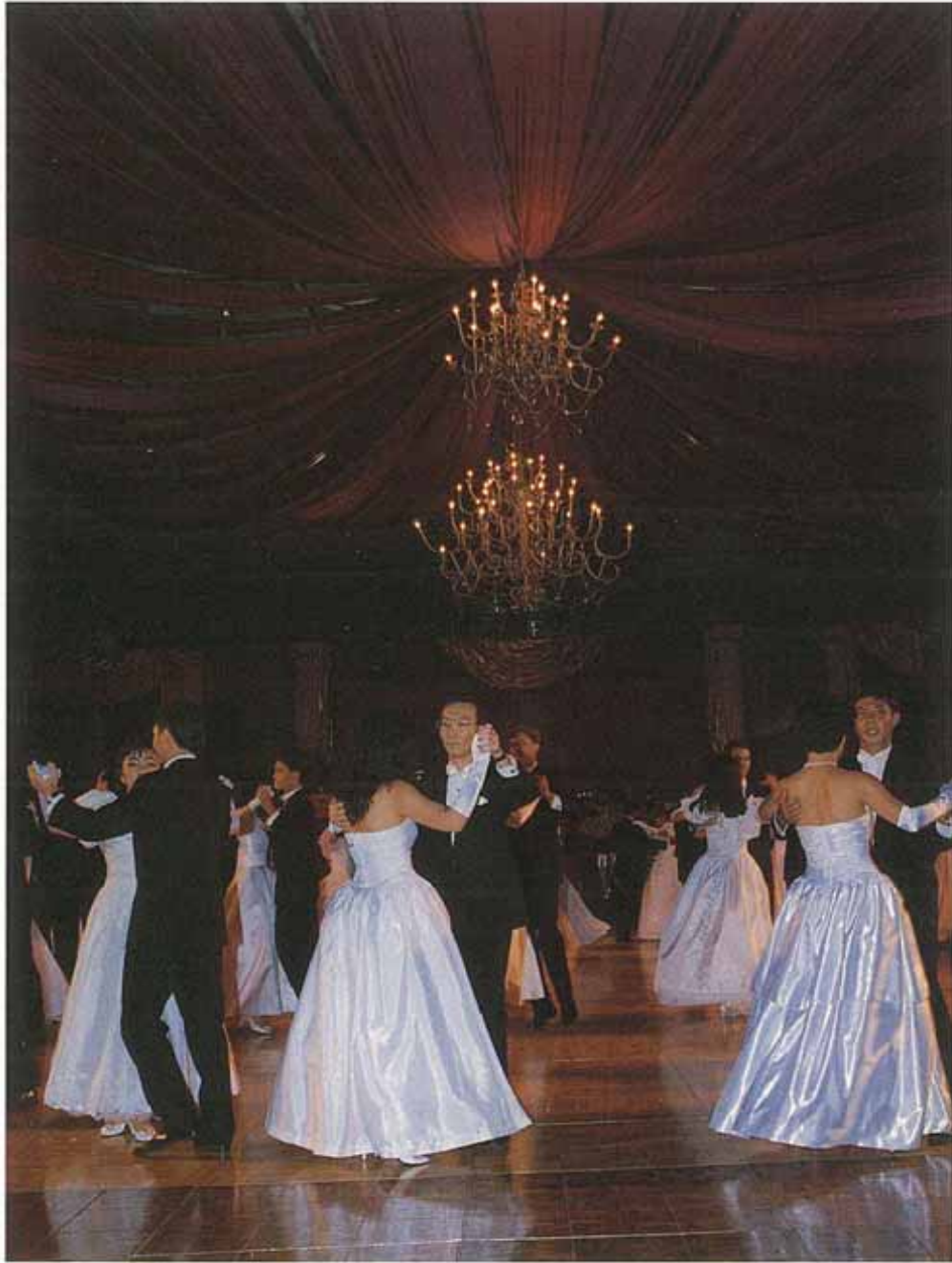
PROPERTIES

The Hour Glass has invested in several properties as part of a strategy to control rent and secure tenure. These properties were predominantly retail space in which long-term residency is anticipated and which were determined to be good investments.

In Singapore, it has 36.9 square metres of shop unit space at Lucky Plaza, 114 square metres at Peninsula Plaza and 41.9 square metres at Centrepont.

As part of its efforts to have an active role in the leisure and lifestyle industry as well as to support the preservation of Singapore's living history, The Hour Glass has additionally purchased a three-storey shop house at 57 Boat Quay. Plans are to refurbish the building and integrate a mixed-use lifestyle-oriented concept possibly involving retail and dining areas.

On the Gold Coast of Australia a residential duplex situated at 13 Stephanie Court, Labrador, has also been acquired for use by expatriate employees.



The young of Singapore doing their bit for charity at the Debutante Ball (above) and It's Showtime again (right).



COMMUNITY SERVICE

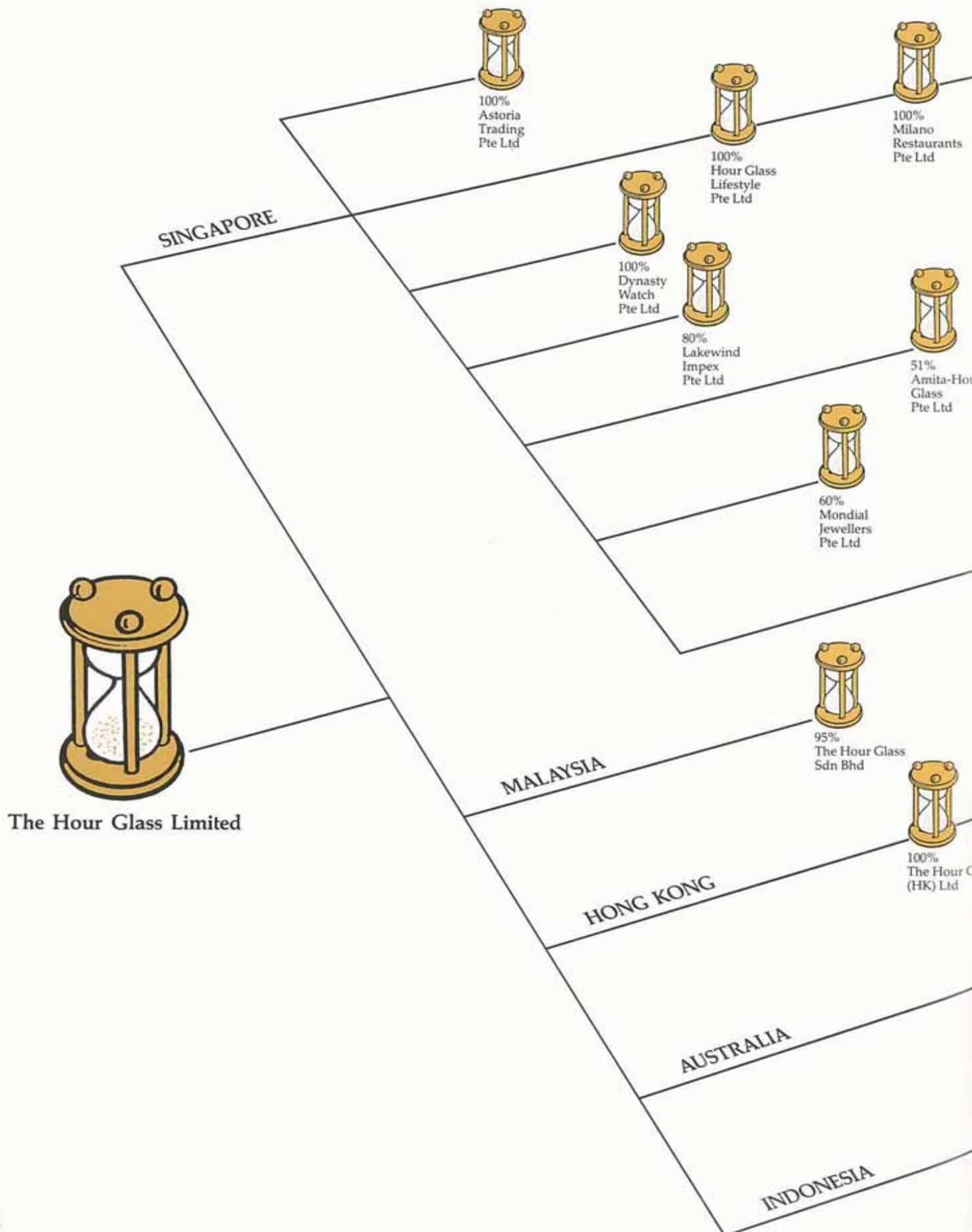
The Hour Glass has continued with its dedication to the community in being socially responsible and an active corporate citizen. Through the years, The Hour Glass has been involved in fund-raising activities for the needy and has supported the promotion and development of arts and culture in Singapore.

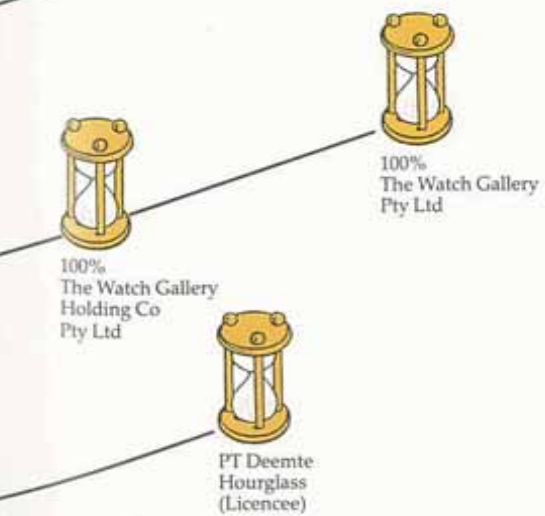
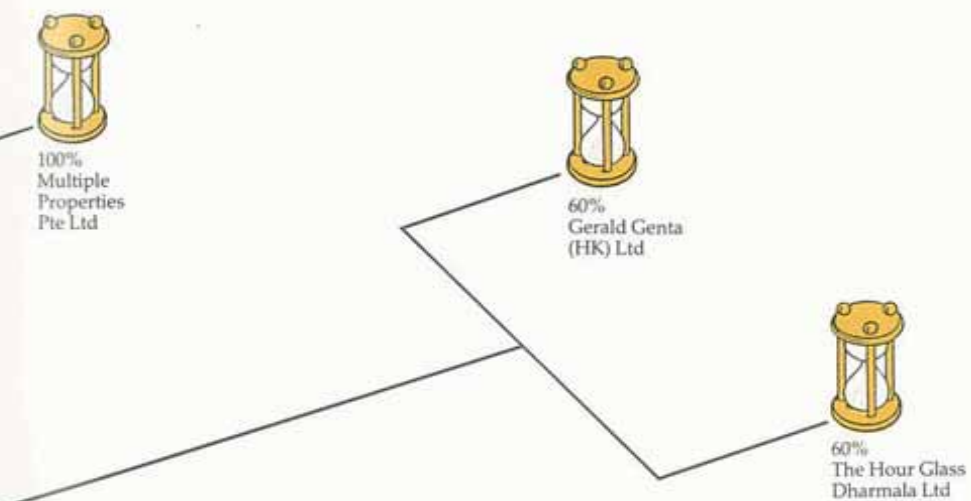
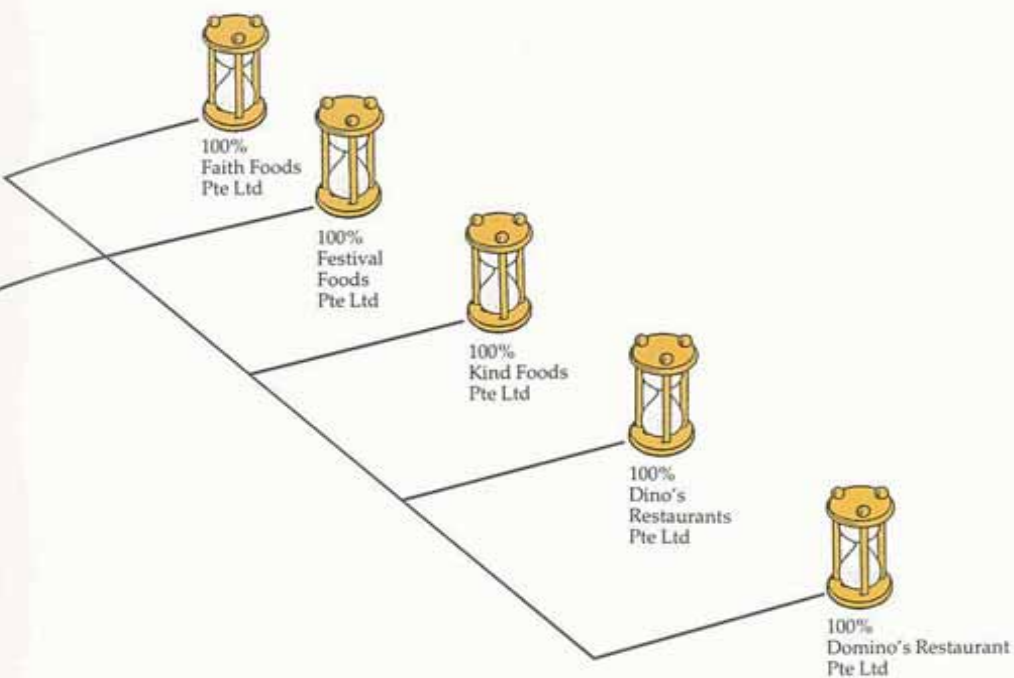
The community service projects undertaken by The Hour Glass over the past year include the following:

- It's Showtime, a theme charity ball, raised \$124,000 for the Community Chest of Singapore and the Canossian School for the Hearing Impaired Building Fund.
- The Debutante Ball, an inaugural event, was held to introduce thirty-three debutantes and beaux to society. President Wee Kim Wee and the First Lady were guest-of-honour of the event held at the Westin Plaza. The organizing committee and participants raised \$280,000 for the Community Chest of Singapore, Canossian School for the Hearing Impaired Building Fund and the Singapore Dance Theatre.
- Contributions were also made to the Lee Kuan Yew Exchange Fellowship, the EDB Scholarships & Skills Training Fund and the Home for the Aged.

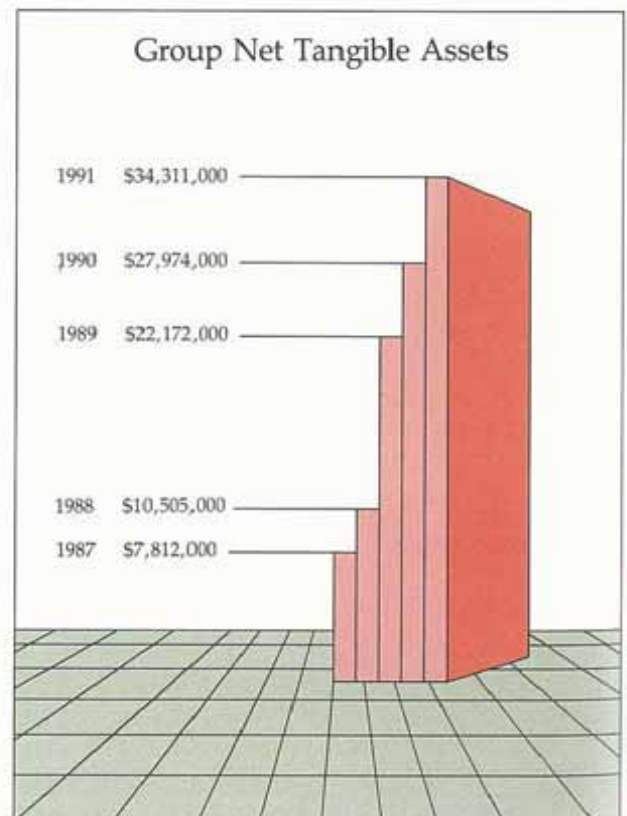
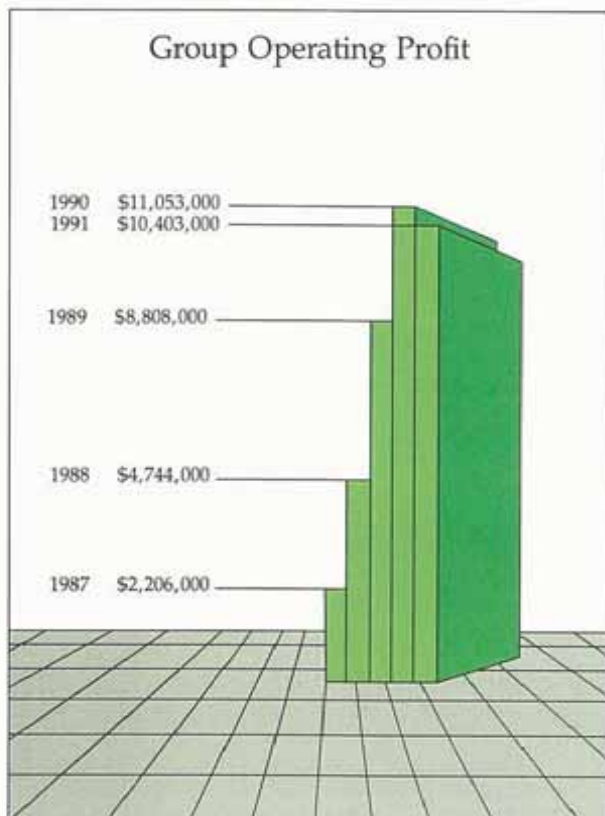
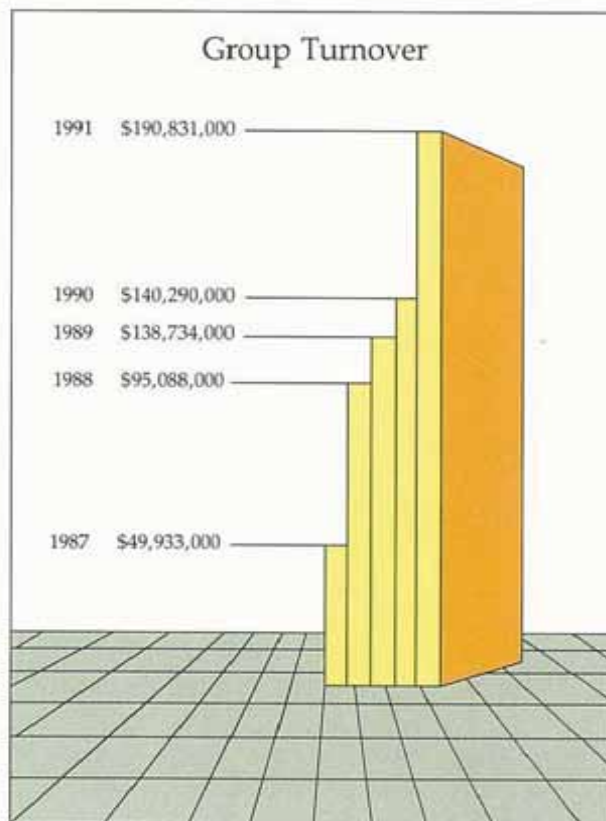
MAIN OPERATING COMPANIES OF THE GROUP

as at 18 July 1991





FINANCIAL HIGHLIGHTS



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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 1991.

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 and restaurateurs.

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

Results for The Financial Year

(Stated in thousands of dollars)	Group	Company
Profit after taxation and minority interests	5,848	4,593
Extraordinary item	—	(361)
Profit after taxation and extraordinary item	5,848	4,232
Dividends proposed, less tax	(518)	(518)
Retained profit transferred to revenue reserve	5,330	3,714

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 8 to the accounts.

Transfers to/from Reserves and Provisions

The following amounts have been credited/(debited) to:

Share premium account		
Amount applied for bonus issue of ordinary shares	(3,000)	(3,000)
Capital reserve		
Premium on issue of loan stock with detachable warrants	1,344	1,344
Revenue reserve		
Exchange difference arising on consolidation	(196)	—

Dividends

During the year, the company paid a first and final dividend of 5%, less tax, amounting to \$414,000 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%, less tax, amounting to \$517,500 to be paid.

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 Edmund William Barker

Mr Michael Kwee Chong-Kok

Mr Chia Chee Ming

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

(A) In The Hour Glass Limited

Name of director	Shareholdings registered in the name of or beneficially held by 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
Ordinary shares of \$0.25 each				
Henry Tay Yun Chwan	460,000	575,000	28,001,000	35,001,250
Chan Siew Lee	60,000	75,000	28,001,000	35,001,250
Michael Kwee Chong-Kok	—	—	30,000	37,500
Chia Chee Ming	30,000	37,500	—	—
5% unsecured loan stock 1991/1996				
Henry Tay Yun Chwan	—	184,000	—	1,600,000
Chan Siew Lee	—	24,000	—	1,600,000
Chia Chee Ming	—	12,000	—	—
Warrants 1991/1995				
Henry Tay Yun Chwan	—	184,000	—	11,200,400
Chan Siew Lee	—	46,000	—	11,200,400
Chia Chee Ming	—	12,000	—	—

(B) In TYC Investment Pte Ltd

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

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 and of the company's holding company.

No other director of the company who held office at the end of the financial year had an interest in any other shares of the subsidiary companies of the company and of the company's holding 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 other than the rights issue of loan stock with detachable warrants during the year.

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 notes 4 and 25 to the accounts.

Share Capital

During the year, the company issued 12,000,000 bonus shares of \$0.25 each on the basis of one ordinary share of \$0.25 each for every four shares held by shareholders, by way of capitalisation of \$3,000,000 from the share premium account.

Shares issued by subsidiary companies during the year were as follows:

Name of company	Number of shares issued	Purpose of share issue
Lakewind Impex Pte Ltd	850,000 shares of \$1 each, fully paid	Issue at par for cash to provide working capital
Hour Glass Lifestyle Pte Ltd	800,000 shares of \$1 each, fully paid	Issue at par for cash to finance the completion of the acquisition of Milano Pizza Restaurants Pte Ltd and to provide working capital
Mondial Jewellers Pte Ltd	150,000 shares of \$1 each, fully paid	Issued at a premium of \$4.83 per share to provide working capital
	725,000 shares of \$1 each, fully paid	Bonus issue on the basis of one ordinary share of \$1 each for every one share of \$1 each held by shareholders
Amita-Hour Glass Pte Ltd	200,000 shares of \$1 each, fully paid	Issued at par for cash to provide working capital
Gerald Genta (HK) Limited	999,998 shares of HK\$1 each, fully paid	Issued at par for cash to provide working capital

Loan Stock 1991/1996 with warrants

In January 1991, the Company had a rights issue of \$19,200,000 nominal amount of 5% unsecured notes called 'Loan Stock 1991 / 1996' (Loan Stock) with 19,200,000 detachable warrants carrying the right to subscribe for shares in the company at any time from 10 January 1991 to 21 December 1995, at an exercise price of \$0.95 per share. The Loan Stock is redeemable at par on 10 January 1996 unless surrendered by the warrant holders towards payment of the exercise price or previously purchased and cancelled by the company.

Share Option

The Hour Glass Limited Executives' Share Option Scheme (the Scheme) was approved by the members of the company at an Extraordinary General Meeting held on 25 April 1990.

On 13 July 1990, 24 share options (the Options) were granted pursuant to the Scheme in respect of 797,500 unissued ordinary shares of \$0.25 each in the capital of the company to 24 executives of the company.

Consequent upon the bonus issue of ordinary shares of \$0.25 each and the rights issue of 5% Unsecured Loan Stock 1991/1996 with detachable warrants, the number of unissued ordinary shares under the options granted was adjusted to 1,045,975.

The Option holders as at 31 March 1991 were as follows:

Name of Option holders	Designation
Mr Sia Sok Hia	Director of Sales
Miss Wong Yoke Sin Francisca	General Manager — Corporate Affairs
Mr Chong Len To	Senior Sales Manager
Mr Yao Nanxuan	Sales Manager
Mr Tan Hye Ter	Sales Manager
Mdm Thiang Ai Gek	Sales Manager
Mdm Lim Tit Lian	Product Manager
Mr Foo Chit Long	Managing Director of Subsidiary Company
Mr Chan Chye Ann	National Sales Manager
Mr Kheng Tang Poh	Sales Manager
Mdm Chan Siew Lan	Assistant Sales Manager
Mr Victor Ng Joo Hock	Assistant Sales Manager
Mr Daniel Koh Boon Heng	Assistant Sales Manager
Mr Jimmy Chew Peng Khoon	Assistant Sales Manager
Mr Andrew Siaw Aba	Assistant Sales Manager
Mr Steven Yeo Ek Kum	Assistant Sales Manager
Mr Patrick Yeo Teo Pheng	Assistant Sales Manager
Ms May Wai Suet Peng	Assistant Sales Manager
Mr Jimmy Liu Ming Yeon	Assistant Sales Manager
Mr Yong Whatt Lim Tommy	Assistant Sales Manager
Mr Khoo It Aun Samuel	Product Manager
Mr Lee Kow Tet	Service Manager

The date of expiration of the Options granted is 12 July 1995 unless the expiry date is varied as provided under the Scheme. The Grantees may exercise an Option during the Option period from 13 July 1991 to 12 July 1995, both dates inclusive, by notice in writing accompanied by a remittance for the aggregate subscription cost at \$1.11 per share (subject to adjustment as provided under the Scheme), together with the Option certificate relating to the Option being exercised.

The persons to whom the Options have been granted do not have the right to participate, by virtue of the Options, in a share issue of any other company.

Acquisition and Disposal of Subsidiaries

(a) The following subsidiary companies were acquired during the year:

Name of Company	Interest	Net tangible assets	Consideration
Multiple Properties Pte Ltd	100%	\$1,331,696	\$1,355,648
Mondial Jewellers Pte Ltd	60%	\$ 740,773	\$ 990,287
The Hour Glass Dharmala Limited	60%	HK\$ 2	HK\$ 2

(b) The following subsidiary company was incorporated during the year and ordinary shares were issued for cash as follows:

Name of Company	Interest	Details of Issue
Amita-Hour Glass Pte Ltd	51%	102,000 ordinary shares of \$1 each

(c) During the year, the company subscribed for 498,000 shares of \$1 each for cash at par in Hour Glass Lifestyle Pte Ltd thereby increasing its holding from 51% to 60%.

(d) During the year, pursuant to a joint venture agreement between the company and a third party, its wholly-owned subsidiary, The Hour Glass (HK) Limited subscribed for 599,998 shares of HK\$1 each for cash at par in Gerald Genta (HK) Limited. The company also transferred its 2 shares of HK\$1 each in Gerald Genta (HK) Limited to The Hour Glass (HK) Limited, thereby making it a 60% subsidiary.

Audit Committee

On 11 March 1991, the Board of Directors established the Audit Committee in accordance with Section 201(B) of the Companies Act, Cap. 50.

In relation to the accounts of the company and the group for the year ended 31 March 1991, the Committee's activities included a review of the scope of audit examination of the external auditors of the company and a review of the accounts of the company and the group for the year ended 31 March 1991, together with the report of the external auditors thereon.

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

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.

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 1991 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, except for an agreement between the company and a director for the purchase of a 100% interest in Pagoda Chinatown Pte Ltd, a property investment holding company. The completion of the purchase is conditional upon the grant of approval from the relevant authorities for the cancellation of the clearance certificate (previously issued to Pagoda Chinatown Pte Ltd) which had designated the property as a residential property.

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

18 July 1991
Singapore

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 36 to 55 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 1991; and the results of the company and the group, and the changes in financial position of the group, for the year ended 31 March 1991;
- (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
Managing Director

18 July 1991

Report of the Auditors

to the members of The Hour Glass Limited

We have audited the accounts set out on pages 36 to 55 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.

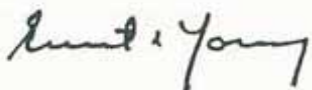
In our opinion:

- (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 1991 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 13.

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 & Young
Certified Public Accountants

18 July 1991
Singapore

Profit and Loss Accounts
for the year ended 31 March 1991

		Group		Company	
(Stated in thousands of dollars)		1991	1990	1991	1990
Note 3	Turnover	190,831	140,290	146,675	124,162
Note 4	Operating profit	10,403	11,053	7,270	8,470
Note 5	Investment and Interest income	179	140	432	91
Note 6	Interest expense	(1,341)	(257)	(1,015)	(162)
		9,241	10,936	6,687	8,399
Note 7	Profit before taxation				
	Taxation	(3,369)	(3,729)	(2,094)	(2,746)
		5,872	7,207	4,593	5,653
		(24)	172	—	—
		5,848	7,379	4,593	5,653
Note 8	Extraordinary items	—	—	(361)	183
		5,848	7,379	4,232	5,836
		(518)	(414)	(518)	(414)
Note 9	Profit attributable to members of the company				
	Dividends				
		5,330	6,965	3,714	5,422
Note 10	Retained profit				
		9.75¢	12.3¢		
Statement of revenue reserve					
		12,198	5,471	9,351	3,929
		(196)	(138)	—	—
		—	(100)	—	—
		5,330	6,965	3,714	5,422
		17,332	12,198	13,065	9,351

The notes on pages 40 to 55 form an integral part of the accounts.

Balance Sheets
as at 31 March 1991

(Stated in thousands of dollars)		Group		Company	
		1991	1990	1991	1990
Note 11	Fixed Assets	12,192	8,478	6,908	7,039
Note 12	Goodwill on Consolidation	1,944	2,010	—	—
Note 13	Subsidiary Companies	—	—	16,406	5,594
	Current Assets —				
	Stocks	54,780	34,802	36,116	27,315
Note 14	Trade debtors	5,664	2,061	847	854
Note 15	Other debtors	3,940	2,096	2,063	1,478
	Fixed deposits	1,811	1,369	1,802	—
	Cash and bank balances	4,069	2,104	1,389	1,247
		70,264	42,432	42,217	30,894
	Less: Current Liabilities —				
Note 16	Amount due to bankers	4,443	2,352	—	—
Note 17	Term loan, secured	3,305	148	3,305	148
	Trade creditors	14,794	12,943	8,859	10,619
	Bills payable	1,209	607	—	—
	Provision for taxation	4,124	4,030	2,539	2,995
	Proposed dividend, net	518	414	518	414
		28,393	20,494	15,221	14,176
	Net Current Assets	41,871	21,938	26,996	16,718
	Long Term Liabilities				
Note 17	Term loan, secured	—	3,299	—	3,299
Note 18	5% Unsecured loan stock 1991/1996	19,200	—	19,200	—
Note 19	Finance leases	86	84	—	—
	Deferred taxation	75	39	—	—
		(19,361)	(3,422)	(19,200)	(3,299)
		36,646	29,004	31,110	26,052
Note 20	Share Capital	15,000	12,000	15,000	12,000
Note 21	Share Premium	1,540	4,540	1,540	4,540
Note 22	Capital Reserve	1,605	261	1,505	161
	Revenue Reserve	17,332	12,198	13,065	9,351
		35,477	28,999	31,110	26,052
	Minority Interests	1,169	5	—	—
		36,646	29,004	31,110	26,052

The notes on pages 40 to 55 form an integral part of the accounts.

Consolidated statement of changes in Financial Position
for the year ended 31 March 1991

(Stated in thousands of dollars)	1991	1990
Sources of Funds		
Profit before taxation	9,241	10,936
Adjustment for non-fund items —		
Depreciation of fixed assets	1,292	971
Amortisation of goodwill on consolidation	406	303
Loss/(gain) on disposal of fixed assets	(46)	3
Funds generated from operations	10,893	12,213
Funds from Other Sources		
Issue of loan stock	20,544	—
Shares issued by subsidiary companies to minority shareholders	689	—
Proceeds from disposal of fixed assets	92	3
Increase in long-term portion of finance leases	2	—
Term loan	—	3,447
	32,220	15,663
Application of Funds		
Acquisition of subsidiary companies	2,346	2,431
Purchase of additional interest in subsidiary company	18	—
Purchase of fixed assets	2,262	5,559
Income tax paid	3,396	2,816
Dividends paid to shareholders	414	612
Dividends paid to minority shareholders of subsidiary company	62	—
Repayment of term loan	142	—
Reduction in long-term portion of finance leases	—	4
Consolidation exchange adjustments	208	107
	8,848	11,529
Increase in Working Capital	23,372	4,134
Represented by :		
Increase in stocks	17,032	9,109
Increase in debtors	4,813	1,271
Decrease/(increase) in creditors	734	(2,294)
	22,579	8,086
Movement in net liquid funds :		
Increase in amount due to bankers	(735)	(1,973)
Increase/(decrease) in fixed deposits, cash and bank balances	1,528	(1,979)
	793	(3,952)
	23,372	4,134

The acquisition of subsidiary companies has been shown in the statement as a single item. The effect on the individual assets and liabilities is set out below:

(Stated in thousands of dollars)

Fixed assets	2,810
Stocks	2,946
Debtors	584
Cash	879
Creditors	(3,187)
Amount due to bankers	(1,356)
Provision for taxation	(80)
Deferred taxation	(29)
Minority interest	(494)
	<hr/>
	2,073
Cash paid	2,346
	<hr/>
Goodwill	273
	<hr/>

The notes on pages 40 to 55 form an integral part of the accounts.

Notes to the Accounts

31 March 1991

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 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 subsidiaries are translated into Singapore dollars on the basis outlined in paragraph (i) 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) 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.

Premises held on 999-year lease is regarded as equivalent to freehold and is included with freehold premises under fixed assets.

(f) Leased Assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalised under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in note (j) below.

(g) 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.

(h) 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 and any deferred tax benefits recognised is included in other debtors.

(i) 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 foreign 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 revenue reserves.

(j) Depreciation

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

Freehold and leasehold premises	— 50 years
Furniture and equipment	— 2 to 8 years
Motor vehicles	— 5 to 6 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.

(k) Loan Stock Premium

Loan stock premium is retained as part of capital reserve and upon full redemption of the 5% unsecured loan stock 1991/1996 will be treated as distributable reserves.

2. General

The company is a partly-owned subsidiary of TYC Investment Pte Ltd, 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 and restaurateurs. 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. It excludes dividends, interest income and, in respect of the group, intra-group transactions.

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Turnover is analysed as follows:				
External customers	190,831	140,290	137,603	117,136
Subsidiaries	—	—	9,072	7,026
	190,831	140,290	146,675	124,162

4. Operating Profit

Operating profit is stated
after charging/(crediting):

Auditors' remuneration	98	78	30	25
Depreciation of fixed assets	1,292	971	600	671
Directors' emoluments —				
Directors of the company	1,650	1,733	1,650	1,733
Other directors of subsidiaries	413	72	—	—
Rent of premises	6,668	5,076	4,992	4,407
(Gain)/loss on disposal of fixed assets	(46)	3	(65)	(3)
Amortisation of goodwill on consolidation	406	303	—	—
Bad debts recovered	—	(39)	—	(39)
Bad debts written off	3	—	2	—
(Write-back of provision)/provision for doubtful debts	(1)	64	(21)	—
Professional fees paid to companies in which directors of subsidiaries have interests	158	143	—	—

5. Investment and Interest Income

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Gross dividend income from unquoted subsidiary companies	—	—	370	6
Interest income from amount due from a subsidiary	—	—	24	—
Interest income from fixed deposits	168	118	27	63
Rental income	11	22	11	22
	179	140	432	91

6. Interest Expense

Interest on bank overdraft and bills payable	(868)	(133)	(542)	(38)
Interest on term loan	(260)	(124)	(260)	(124)
Interest on loan stock	(213)	—	(213)	—
	(1,341)	(257)	(1,015)	(162)

7. Taxation

Provision for taxation in respect of profit for the year —				
Current taxation	(3,405)	(3,736)	(2,094)	(2,746)
Deferred taxation	41	(4)	—	—
(Under)/over provision in respect of previous years	(5)	11	—	—
	(3,369)	(3,729)	(2,094)	(2,746)

The taxation charge for the group materially differs from the amount determined by applying the Singapore income tax rate of 31% to the pre-tax profits because of non-deductible expenses and difference in tax rates applicable to overseas subsidiaries.

8. Extraordinary Items

(Stated in thousands of dollars)	Company	
	1991	1990
Extraordinary items comprise:		
Write-back of provision for diminution in value of investment in subsidiary	—	183
Provision for amount due from subsidiary company	(361)	—
	(361)	183

9. Dividends

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Final proposed 5.0%				
(1990 — 5.0%) less tax	(518)	(414)	(518)	(414)

10. Earnings per Share

Earnings per share are calculated by dividing the net profit after tax and minority interest of \$5,848,000 (1990: \$7,379,000) with the total of 60,000,000 ordinary shares in issue (after the bonus issue) during the year. The earnings per share for 1990 has been adjusted accordingly.

11. Fixed Assets

(Stated in thousands of dollars)

Group	Freehold premises	Leasehold premises	Furniture and equipment	Motor vehicles	Total
Cost and valuation -					
At 1 April 1990	5,088	1,329	3,761	1,008	11,186
Currency realignment	(6)	—	(20)	(2)	(28)
Due to subsidiaries acquired	2,739	—	140	—	2,879
Additions	66	—	1,761	435	2,262
Disposals	—	—	(35)	(153)	(188)
At 31 March 1991	7,887	1,329	5,607	1,288	16,111
Accumulated depreciation —					
At 1 April 1990	124	38	2,232	314	2,708
Currency realignment	—	—	(8)	—	(8)
Due to subsidiaries acquired	17	—	52	—	69
Charge for 1991	110	26	924	232	1,292
Disposals	—	—	(15)	(127)	(142)
At 31 March 1991	251	64	3,185	419	3,919
Charge for 1990	71	27	731	142	971
Net book value -					
At 31 March 1991	7,636	1,265	2,422	869	12,192
At 31 March 1990	4,964	1,291	1,529	694	8,478
Analysis of cost and valuation —					
At 31 March 1991					
Cost	7,567	1,329	5,607	1,288	15,791
Valuation 1982	320	—	—	—	320
	7,887	1,329	5,607	1,288	16,111
At 31 March 1990					
Cost	4,768	1,329	3,761	1,008	10,866
Valuation 1982	320	—	—	—	320
	5,088	1,329	3,761	1,008	11,186

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

(stated in thousands of dollars) 31.3.1991

FREEHOLD

Singapore

36.9 square metres shop unit at Lucky Plaza, situated at 304 Orchard Road	320*
114 square metres shop unit at Peninsula Plaza, situated at 111 North Bridge Road	4,569
134.9 square metres terrace shophouse at 57 Boat Quay	2,246
Residential apartment at 134 Cairnhill Road	559

Australia

Residential duplex situated at 13 Stephanie Court, Labrador, Gold Coast	193
---	-----

7,887

* The valuation was made in 1982 by the directors and was based on a professional appraisal by independent valuers. On 28 May 1990, the independent valuers, Richard Ellis valued the freehold premises at \$400,000. The surplus over the net book value, amounting to \$254,000 (1990: \$261,000), has not been taken into the accounts.

LEASEHOLD

Singapore

41.9 square metres shop unit at Centrepont, situated at 176 Orchard Road (lease term, 99 years from 17 August 1979)	1,329
---	-------

(b) The net book value of fixed assets include assets under finance leases amounting to \$323,958 (1990: \$428,100).

(Stated in thousands of dollars)

Company	Freehold premises	Leasehold premises	Furniture and equipment	Motor vehicles	Total
Cost and valuation —					
At 1 April 1990	4,889	1,329	1,636	842	8,696
Additions	—	—	469	—	469
Disposals	—	—	—	(115)	(115)
At 31 March 1991	4,889	1,329	2,105	727	9,050
Accumulated depreciation —					
At 1 April 1990	120	38	1,234	265	1,657
Charge for 1991	98	26	330	146	600
Disposals	—	—	—	(115)	(115)
At 31 March 1991	218	64	1,564	296	2,142
Charge for 1990	67	27	459	118	671
Net book value -					
At 31 March 1991	4,671	1,265	541	431	6,908
At 31 March 1990	4,769	1,291	402	577	7,039
Analysis of cost and valuation —					
At 31 March 1991					
Cost	4,569	1,329	2,105	727	8,730
Valuation 1982	320	—	—	—	320
	4,889	1,329	2,105	727	9,050
At 31 March 1990					
Cost	4,569	1,329	1,636	842	8,376
Valuation 1982	320	—	—	—	320
	4,889	1,329	1,636	842	8,696

12. Goodwill on Consolidation

(Stated in thousands of dollars)	Group 1991	1990
Goodwill arising from acquisition of shares in subsidiaries	2,653	2,313
Amortisation	(709)	(303)
	1,944	2,010

13. Subsidiary Companies

(Stated in thousands of dollars)	Company	
	1991	1990
Unquoted shares, at cost less provision of \$126,000 (1990 — \$126,000)	6,146	2,520
Amount owing by subsidiary companies	11,767	6,053
Amount owing to subsidiary companies	(1,507)	(2,979)
	16,406	5,594

Other than the balances with one subsidiary company which bears interest at 7.5% per annum, the balances with subsidiary companies are interest free. The balances with subsidiary companies do not have fixed terms of repayment.

Details of subsidiary companies held by the company and cost to the company at 31 March 1991 are:

(Stated in thousands of dollars) Name of company	Cost to Company	
	1991	1990
Dynasty Watch Pte Ltd	200	200
Lakewind Impex Pte Ltd	706	26
Astoria Trading Pte Ltd	305	305
Hour Glass Fragrances Pte Ltd	15	15
Conni Gordon (S) Pte Ltd	125	125
Transland Realty Pte Ltd	14	14
Watch Gallery Pte Ltd	527	527
Hour Glass Lifestyle Pte Ltd	600	102
Amita-Hour Glass Pte Ltd	102	—
Multiple Properties Pte Ltd	1,356	—
Mondial Jewellers Pte Ltd	990	—
The Hour Glass Sdn Bhd	431	431
The Hour Glass (HK) Ltd	175	175
The Watch Gallery Holding Company Pty Ltd	726	726

The subsidiary companies at 31 March are:

Name of Company	Country of incorporation and place of business	Percentage of equity held by the group	
(Stated in %)		1991	1990
Held by the company:			
Retailers and wholesalers of watches, jewellery, fragrances and related products			
Dynasty Watch Pte Ltd	Singapore	100	100
Lakewind Impex Pte Ltd	Singapore	80	80
Astoria Trading Pte Ltd	Singapore	100	100
Hour Glass Fragrances Pte Ltd	Singapore	60	60
Amita-Hour Glass Pte Ltd	Singapore	51	—
Mondial Jewellers Pte Ltd	Singapore	60	—
The Hour Glass Sdn Bhd*	Malaysia	95	95
The Hour Glass (HK) Ltd*	Hong Kong	100	100
The Watch Gallery Holding Company Pty Ltd*	Australia	100	100
Investment holding			
Hour Glass Lifestyle Pte Ltd	Singapore	60	51
Multiple Properties Pte Ltd	Singapore	100	—
Dormant Companies			
Conni Gordon (S) Pte Ltd	Singapore	100	100
Transland Realty Pte Ltd	Singapore	100	100
Watch Gallery Pte Ltd	Singapore	100	100
Held by subsidiary companies:			
Retailer of watches and related products			
The Watch Gallery Pty Ltd*	Australia	100	100
Gerald Genta (HK) Ltd*	Hong Kong	60	100
The Hour Glass Dharmala Limited*	Hong Kong	60	—
Restauranteurs			
Faith Foods Pte Ltd	Singapore	60	51
Festival Foods Pte Ltd	Singapore	60	51
Milano Restaurants Pte Ltd (formerly known as Milano Pizza Restaurants Pte Ltd)	Singapore	60	51
Kind Foods Pte Ltd	Singapore	60	51
Dino's Restaurants Pte Ltd	Singapore	60	51
Domino's Restaurant Pte Ltd	Singapore	60	51
Dormant company			
Joyful Foods Pte Ltd	Singapore	60	51
Mondial Pte Ltd	Singapore	60	—

* Audited by associated firms.

14. Trade Debtors

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Trade debtors are stated after deducting provision for doubtful debts of	517	530	242	262

Bad debts written off against provision for doubtful debt amounted to \$2,000 (1990 – Nil) for the group.

15. Other Debtors

Rental and other deposits	1,848	979	1,479	978
Recoverables	1,041	742	346	301
Secured loan to a joint-venture partner	565	—	—	—
Others	486	375	238	199
	3,940	2,096	2,063	1,478

16. Amount due to Bankers

Overdrafts, secured	1,524	2,340	—	—
Overdrafts, unsecured	2,919	12	—	—
	4,443	2,352	—	—

The overdrafts of the subsidiaries are guaranteed by the company. The overdrafts of certain subsidiaries are also secured by fixed and floating charges on the assets of the subsidiaries.

The amounts due to bankers bear interest averaging 7.9% per annum

17. Term Loan, Secured

Repayable within 12 months	3,305	148	3,305	148
Repayable after 12 months	—	3,299	—	3,299
	3,305	3,447	3,305	3,447

The term loan is secured on a first legal mortgage executed in favour of a bank on the company's property at Peninsula Plaza. The term loan was repaid in full after the year end.

18. 5% Unsecured Loan Stock 1991/1996

In January 1991, the Company had a rights issue of \$19,200,000 nominal amount of 5% unsecured notes called 'Loan Stock 1991/1996' (Loan Stock) with 19,200,000 detachable warrants carrying the right to subscribe for shares in the company at any time from 10 January 1991 to 21 December 1995, at an exercise price of \$0.95 per share. The Loan Stock is redeemable at par on 10 January 1996 unless surrendered by the warrant holders towards payment of the exercise price or previously purchased and cancelled by the company.

At 31 March 1991, the number of warrants issued and outstanding was 19,200,000.

19. Finance Leases

(Stated in thousands of dollars)	Group	
	1991	1990
Repayable within one year (included in trade creditors)	106	102
Repayable after one year	86	84
	192	186

The future lease payments under finance leases are as follows:

1990 - 1991	—	119
1991 - 1992	99	80
1992 - 1993	100	11
1993 - 1994	20	—
	219	210
Amounts representing interest	(27)	(24)
	192	186

20. Share Capital

(Stated in thousands of dollars)	Company	
	1991	1990
Authorised:		
200,000,000 shares of \$0.25 each	50,000	50,000
Issued and fully paid:		
Ordinary shares of \$0.25 each, fully paid		
Balance at 1 April	12,000	12,000
Issued during the year		
12,000,000 shares by way of bonus issue of 1 for 4 shares held by capitalisation of share premium	3,000	—
Balance at 31 March	15,000	12,000

At 31 March 1991, there were 19,200,000 unexercised warrants entitling the holders to subscribe during the period from 10 January 1991 to 21 December 1995, both dates inclusive, for the same number of shares in the company at \$0.95 per share.

At 31 March 1991, there were options granted to certain employees to take up unissued shares in the company. These options are in respect of 1,045,975 ordinary shares of \$0.25 each and may be exercised during the period from 13 July 1991 to 12 July 1995, both dates inclusive, on the payment of the subscription price of \$1.11 per share.

21. Share Premium

(Stated in thousands of dollars)	Company	
	1991	1990
Balance at 1 April	4,540	4,540
Amount applied for bonus issue of ordinary shares	(3,000)	—
Balance at 31 March	1,540	4,540

22. Capital Reserve

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Non-distributable:				
Loan stock premium	1,344	—	1,344	—
Surplus arising from the revaluation of freehold premises	161	161	161	161
Capitalisation of revenue reserve of subsidiary company	100	100	—	—
	1,605	261	1,505	161

The loan stock premium represents the premium over the nominal value at which \$19,200,000 5% Unsecured Loan stock due 1996 with detachable warrants, less expenses, were issued on 10 January 1991.

23. Information by Segment on Group's Operations

By geographical locations based on countries of incorporation:

(Stated in thousands of dollars)	Singapore	Asia Pacific	Consolidated
		Region	
1991			
Sales to external customers	167,810	23,021	190,831
Operating profit	7,775	2,628	10,403
Assets employed	66,300	14,345	80,645
1990			
Sales to external customers	125,666	14,624	140,290
Operating profit	9,360	1,693	11,053
Assets employed	43,162	6,379	49,541

By industry segments:

(Stated in thousands of dollars)	Watch and	Restaurant	Consolidated
	jewellery		
1991			
Sales to external customers	186,681	4,150	190,831
Operating profit	10,835	(432)	10,403
Assets employed	79,276	1,369	80,645
1990			
Sales to external customers	137,651	2,639	140,290
Operating profit/(loss)	11,407	(354)	11,053
Assets employed	48,384	1,157	49,541

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

24. Statutory Information required by paragraph 7 of the Ninth Schedule of the Companies Act, Cap. 50

(Stated in thousands of dollars)	Liabilities payable by the company		Debts payable to the company	
	1991	1990	1991	1990
Not later than 2 years	16,728	—	14,677	—
Later than 2 years and not later than 5 years	19,200	—	—	—
Later than 5 years	—	—	—	—

Further disclosure of the 5% unsecured loan stock 1991/1996 is as set out in Note 18.

25. Capital Commitments

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Commitments in respect of contracts placed	—	2,180	—	1,342

During the year, the company entered into an agreement with a director of the company to acquire the entire issued and paid up share capital of Pagoda Chinatown Pte Ltd (Pagoda), a property investment holding company, for a cash consideration of \$2. Pagoda is the owner of two adjacent freehold four storey pre-war shophouses located at 2 and 4 Trengganu Street, Singapore. Upon completion of the acquisition, the company will assume all outstanding liabilities and commitments of Pagoda, including bank borrowings used in acquiring the said properties.

The completion of the acquisition is conditional upon the grant of approval from the relevant authorities for the cancellation of the clearance certificate (previously issued to Pagoda) which had designated the property as a residential property.

26. Related Party Transactions

(Stated in thousands of dollars)	Group		Company	
	1991	1990	1991	1990
Purchases of stocks from subsidiaries	—	—	7,743	5,109
Purchases of stocks from minority shareholders of subsidiaries	40	223	—	—

27. Subsequent Events

The company entered into a sale and purchase agreement to acquire on 1 April 1991 the remaining 40% of the issued share capital of Hour Glass Lifestyle Pte Ltd for a cash consideration of \$400,000.

28. Contingent Liabilities

- (a) The company has unsecured contingent liabilities in respect of guarantees given to banks, totalling \$7,638,000, to cover banking facilities granted to subsidiary companies and to third parties under lease agreements entered into by one of its 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 of its subsidiary companies.

29. Comparatives Figures

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

Statistics on Shareholdings

Twenty Largest Shareholders as at 10 July 1991

	Shares registered in the name of Shareholders	Shares registered in the name of the CDP	Total Share- holdings	%
1. DBS Nominees Pte Ltd	15,876,250	1,310,250	17,186,500	28.64
2. TYC Investments Pte Ltd	14,125,000	—	14,125,000	23.54
3. Prudential Asset Management Asia Ltd	—	6,000,000	6,000,000	10.00
4. Key Hope Investment Ltd	5,000,000	—	5,000,000	8.33
5. Hongkong & Shanghai Bank (S) Nominees Pte Ltd	—	3,512,500	3,512,500	5.85
6. BIL (Asia) Nominees Pte Ltd	—	2,195,000	2,195,000	3.66
7. Chase Manhattan (S) Nominees Pte Ltd	—	1,893,750	1,893,750	3.16
8. Raffles Nominees (Pte) Limited	—	1,331,250	1,331,250	2.22
9. DBS Securities Nominees Pte Ltd	—	854,000	854,000	1.42
10. Morgan Grenfell Nominees Pte Ltd	—	625,000	625,000	1.04
11. Nomura Singapore Limited	—	500,000	500,000	0.83
12. Teh Kok Thye	—	325,000	325,000	0.54
13. Tay Yun Chwan Henry	—	250,000	250,000	0.42
14. United Overseas Bank Nominees Pte Ltd	—	162,500	162,500	0.27
15. Citibank Consumers Nominees Pte Ltd	—	134,000	134,000	0.22
16. Wee Aik Koon	—	131,250	131,250	0.22
17. Citibank Nominees S'pore Pte Ltd	—	121,500	121,500	0.20
18. Ong Joon Koon	—	100,500	100,500	0.17
19. Cheng Swee Foo	—	100,000	100,000	0.17
20. Kay Hian James Capel Pte Ltd	—	100,000	100,000	0.17
Total	35,001,250	19,646,500	54,647,750	91.07

Shareholding Statistics
as at 10 July 1991

Authorised Share Capital : S\$50,000,000
 Issued Share Capital : S\$15,000,000
 Class of Shares : Ordinary shares of \$0.25 each
 Voting Rights : One vote per share

Analysis of Size of Shareholding

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 — 1,000	100	11.11	91,500	0.15
1,001 — 5,000	546	60.67	1,379,500	2.30
5,001 — 10,000	133	14.78	1,109,250	1.85
10,001 — 50,000	89	9.89	1,988,750	3.32
50,001 — 100,000	13	1.44	983,250	1.64
100,001 — Above	19	2.11	54,447,750	90.74
Total	900	100.00	60,000,000	100.00

Substantial Shareholders

(as per the register of substantial shareholders)

	No. of Shares	%
TYC Investment Pte Ltd	30,001,250	50
Prudential Asset Management Asia Limited	6,000,000	10
Key Hope Investment Limited	5,000,000	8.3
The Singapore SESDAQ Fund Ltd	3,508,750	5.9
Total	44,510,000	74.2

Dr Henry Tay Yun Chwan and Mdm Chan Siew Lee by virtue of their interests in TYC Investment Pte Ltd and Key Hope Investment Ltd are also deemed to be substantial shareholders of the Company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at Room 831, 8th Floor, Mandarin Hotel, 333 Orchard Road, Singapore 0923 on Thursday, 12 September 1991 at 3.00 p.m. for the following purposes:

As Ordinary Business

1. To receive the Directors' Report, Auditors' Report and Accounts for the year ended 31 March 1991.
2. To approve the payment of a First and Final Dividend of 5% less 31% Singapore Income Tax for the year ended 31 March 1991.
3. To re-elect Dr Henry Tay Yun Chwan, the Director retiring under the provisions of Article 99 of the Company's Articles of Association.
4. To consider and, if thought fit, to pass the following resolution:
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Edmund William Barker be re-appointed as Director of the Company to hold office until the next Annual General Meeting."
5. To approve Directors' fees for non-executive directors.
6. To appoint Auditors and to authorise the Directors to fix their remuneration.
7. To transact any other ordinary business of the Company.

As Special Business

8. To consider and if thought fit, to pass the following as 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 share capital of the Company for the time being."

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members will be closed from 5 September 1991 to 12 September 1991, both days inclusive, for the preparation of dividend warrants.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Francisca Wong Yoke Sin', with a stylized flourish at the end.

Francisca Wong Yoke Sin
Company Secretary

Singapore
19th August 1991

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.

