THE HOUR GLASS

ANNUAL REPORT 2019

Time does not pass,
it continues

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Dr Henry Tay Yun Chwan	Executive Chairman
Dr Kenny Chan Swee Kheng	Group Managing Director
Mr Michael Tay Wee Jin	Group Managing Director
Mr Kuah Boon Wee	Independent Non-Executive Director / Lead Independent Director
Mr Pascal Guy Chung Wei Demierre	Independent Non-Executive Director
Mr Liew Choon Wei	Independent Non-Executive Director
Mr Jeffry Lee Yu Chern	Independent Non-Executive Director
Mr Philip Eng Heng Nee	Independent Non-Executive Director *(retired on 30 July 2018)*
Ms Saw Phaik Hwa	Independent Non-Executive Director *(retired on 30 July 2018)*

AUDIT COMMITTEE

Mr Liew Choon Wei	Chairman
Mr Kuah Boon Wee	
Mr Pascal Guy Chung Wei Demierre	*(appointed on 30 July 2018)*
Mr Philip Eng Heng Nee	*(retired on 30 July 2018)*
Ms Saw Phaik Hwa	*(retired on 30 July 2018)*

REMUNERATION COMMITTEE

(Dissolved on 30 July 2018)

Mr Kuah Boon Wee	Chairman
Mr Philip Eng Heng Nee	
Mr Pascal Guy Chung Wei Demierre	
Mr Liew Choon Wei	

NOMINATING COMMITTEE

(Dissolved on 30 July 2018)

Mr Kuah Boon Wee	Chairman
Mr Pascal Guy Chung Wei Demierre	
Dr Kenny Chan Swee Kheng	
Mr Jeffry Lee Yu Chern	

NOMINATION AND REMUNERATION COMMITTEE

(Established on 30 July 2018)

Mr Kuah Boon Wee	Chairman
Mr Liew Choon Wei	
Mr Jeffry Lee Yu Chern	

COMPANY SECRETARY

Ms Christine Chan Meng Yook

REGISTERED OFFICE

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Co. Registration: 197901972D

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
Partner in charge (since financial year ended 31 March 2019): Mr Terry Wee Hiang Bing

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SOLICITORS

Allen & Gledhill LLP
Dentons Rodyk & Davidson LLP

BOARD OF DIRECTORS

Seated:
Dr Henry Tay

Standing from left:
Mr Jeffry Lee, Mr Kuah Boon Wee, Mr Michael Tay, Dr Kenny Chan, Mr Pascal Demierre, Mr Liew Choon Wei

BOARD OF DIRECTORS

DR HENRY TAY YUN CHWAN
EXECUTIVE CHAIRMAN

Dr Henry Tay was appointed Executive Chairman of The Hour Glass Limited in October 1987, having served as an Executive Director since 11 August 1979.

Dr Tay graduated with a MBBS (Honours) from Monash University, Melbourne and prior to founding The Hour Glass in 1979, was both a Medical Practitioner as well as partner in Lee Chay & Co., one of Singapore's earliest watch retail companies.

From 1986 to 2001, Dr Tay was Executive Chairman of a group of companies whose businesses were in the distribution and retail of Burberry in the Asia Pacific region.

Dr Tay was an Independent Director and Chairman of the Audit Committee of UOB-Kay Hian Holdings Limited. He also holds directorships in several private companies focused on investments, real estate development, food and beverage businesses.

Dr Tay served as a Committee Member of the Community Chest from 1992 and was appointed Vice Chairman from 1994 to 2004. An active fundraiser for various charitable organisations, Dr Tay has received many public service awards including the Friends of MCDS (Ministry of Community Development and Sports) Award in 2002 and the President's Social Service Award in August 2005. He also received the Community Chest Special Recognition Award presented by the President of the Republic of Singapore in September 2015.

Dr Tay was the Founder President of the Hong Kong - Singapore Business Association from 1994 to 2000 and is presently its Honorary President. He has also served as a board member of the Singapore Tourism Board.

DR KENNY CHAN SWEE KHENG
GROUP MANAGING DIRECTOR

Dr Kenny Chan became a member of the Board of The Hour Glass Limited on 1 April 2004. He joined as the Group Chief Operating Officer in 2002 and was appointed as Managing Director of the Company on 1 April 2004. In June 2009, he was re-designated to Group Managing Director of The Hour Glass Limited.

A graduate of Monash University with a MBBS (Honours), Dr Chan has over 25 years of experience in the luxury goods industry. Prior to his joining The Hour Glass, he was the Managing Director of Burberry Singapore and Burberry Australia, companies that formed part of a group that was the exclusive distributor and agent of Burberry.

Dr Chan serves as a Council Member of the Singapore Retailers Association.

MR MICHAEL TAY WEE JIN
GROUP MANAGING DIRECTOR

Mr Michael Tay was appointed Group Managing Director on 1 April 2015, having been The Hour Glass' Executive Director since 2005. He first joined the Company in January 1999 as its Business Re-Engineering Manager.

Mr Tay has developed extensive watch industry experience having headed multiple facets of The Hour Glass' business from specialty watch manufacturing to wholesale channel distribution and greenfield retail development. He is a member of the cultural committee of the Fondation de la Haute Horlogerie, a member of the jury for the Grand Prix d' Horlogerie de Geneve and a member of the jury for the FP Journe young talent competition. He is a member of the governing council for the NTU Centre for Contemporary Art and an advisory board member of Art Basel Cities, institutions engaged in the advancement of the visual arts sector.

Mr Tay graduated from Oxford Brookes University, United Kingdom with a First Class (Honours) in Business and International Management.

BOARD OF DIRECTORS

MR KUAH BOON WEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kuah was appointed to the Board of The Hour Glass Limited on 1 April 2011 as an independent Director. He is the Chairman of the Company's Nomination and Remuneration Committee and a member of the Company's Audit Committee.

Mr Kuah is the Group Chief Executive Officer of MTQ Corporation Limited. He is also a Non-Executive, Independent Director of UOB-Kay Hian Holdings Limited and Chairman of the Audit Committee and member of its Remuneration Committee. He had served as CEO for South East Asia and Singapore Terminals as well as Chief Financial Officer of PSA International Pte Ltd.

Mr Kuah is a qualified chartered accountant from the ICAEW and graduated with a Bachelor of Engineering degree from the Imperial College of Science and Technology.

MR PASCAL GUY CHUNG WEI DEMIERRE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Demierre joined the Board of The Hour Glass Limited on 1 April 2011 as an independent Director and serves as a member of the Company's Audit Committee.

Mr Demierre has been the Executive Director and Chief Corporate Officer of Halcyon Agri Corporation Limited, a company listed on the Mainboard of the Singapore Exchange, since 8 July 2010. He also sits on the Board of Council Members at the Alliance Francaise de Singapour.

Mr Demierre graduated from King's College, London with an Upper Second Class (Honours) in Law and obtained a Graduate Diploma in Law from the National University of Singapore.

MR LIEW CHOON WEI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Liew was appointed to the Board of The Hour Glass Limited on 1 April 2017 as an independent Director. He is the Chairman of the Company's Audit Committee and a member of the Company's Nomination and Remuneration Committee.

Mr Liew is an Independent Non-Executive Director of Halcyon Agri Corporation Limited and an Independent Non-Executive Director of FJ Benjamin Holdings Ltd. He is an Independent Non-Executive Director of Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd., respectively. The former and latter are the manager of the real estate investment trust (REIT) and the trustee-manager of the business trust (BT), of which the REIT and BT comprise the stapled group, Frasers Hospitality Trust.

Mr Liew was with an international public accounting firm for more than 30 years before retiring in 2013 as an Audit Partner. He is a retired Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of Singapore.

MR JEFFRY LEE YU CHERN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lee joined the Board of The Hour Glass Limited on 1 October 2017 as an independent Director and serves as a member of the Company's Nomination and Remuneration Committee.

Mr Lee is the Senior Vice President of HPL Properties Pte Ltd since December 1988, a wholly-owned subsidiary of Hotel Properties Limited. Prior to joining HPL Properties Pte Ltd, he was an economic research analyst at Jacob Ballas & Co Stockbrokers.

Mr Lee graduated from Loughborough University with a Bachelor of Science degree.

KEY EXECUTIVES

SINGAPORE
THE HOUR GLASS LIMITED

MR NG SIAK YONG
CHIEF FINANCIAL OFFICER

Mr Ng joined the Company in October 2004 and is responsible for the Group's financial and accounting functions including statutory and regulatory compliance. Mr Ng holds a Bachelor in Accountancy (Honours) from Nanyang Technological University, a Master of Business Administration from the University of Strathclyde, Scotland and is a member of the Institute of Singapore Chartered Accountants.

JAPAN
THE HOUR GLASS JAPAN LTD

MR ATSUSHI MOMOI
DIRECTOR & GENERAL MANAGER

Mr Momoi joined The Hour Glass (Australia) Pty Ltd in November 1988 and was subsequently relocated to Japan to establish The Hour Glass Japan Ltd in July 1996. With more than 30 years of experience in the retail and wholesale distribution of luxury and specialty watches, he is responsible for the strategic planning, business development and sales and marketing of the company.

SINGAPORE
THE HOUR GLASS LIMITED

MR HO TUN MIN NORMAN
GROUP GENERAL MANAGER

Mr Ho joined the Company in January 2019 and is responsible for business planning, operations management and development of the Group's strategic policies and procedures. Mr Ho holds a Bachelor in Accountancy (Honours) from Nanyang Technological University, a Master of Business Administration from the University of Melbourne and is a member of the Institute of Singapore Chartered Accountants.

MALAYSIA
THE HOUR GLASS SDN BHD

MR TEH SOON KHENG
GENERAL MANAGER

Mr Teh joined The Hour Glass Sdn Bhd in January 2015. He has overall responsibility for the management of the Malaysia operations. Mr Teh graduated with a Master of Business Administration from University of Ballarat, Australia.

HONG KONG
THE HOUR GLASS (HK) LIMITED

MR CHUNG WAI YANG
MANAGING DIRECTOR

Mr Chung joined The Hour Glass (HK) Limited in August 1994 and is responsible for the development and management of The Hour Glass' Hong Kong business unit. Mr Chung holds a Master of Business Administration from the Ageno School of Business at Golden Gate University, San Francisco, USA.

SINGAPORE
GLAJZ-THG PTE LTD

MR JOHN GLAJZ
MANAGING DIRECTOR

Mr Glajz joined the Company in January 1980 and has more than 30 years of practical experience in the retail and wholesale of fine jewellery. His partnership with The Hour Glass Limited commenced in 1990 through Mondial Jewellers and after the successful sale of the Mondial brand and business in 2004, established a new joint venture vehicle Glajz-THG Pte Ltd. Mr Glajz graduated with a Bachelor of Arts degree from The Australian National University.

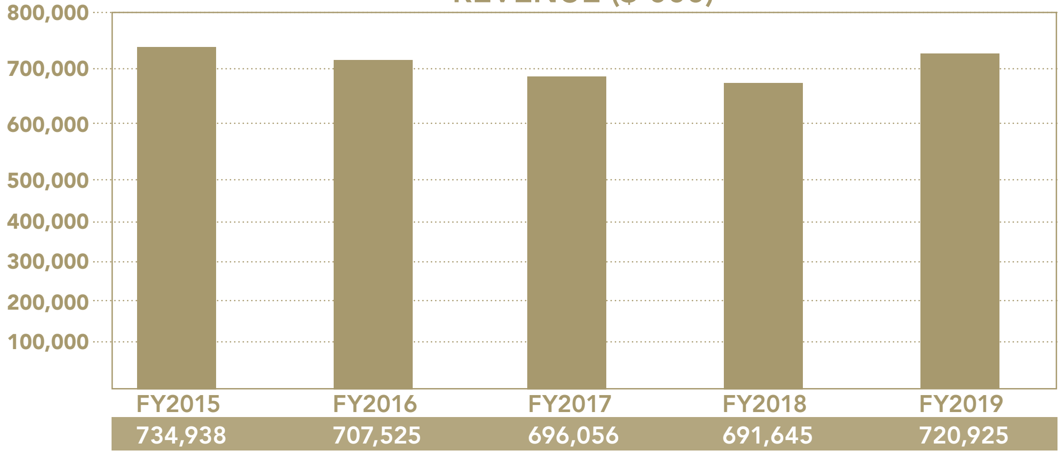
FINANCIAL HIGHLIGHTS

	FY2019	FY2018	FY2017	FY2016	FY2015
FINANCIAL RESULTS	$'000	$'000	$'000	$'000	$'000
Revenue	720,925	691,645	696,056	707,525	734,938
Operating profit [1]	89,227	65,861	59,546	64,980	74,010
Profit before taxation	90,049	64,759	62,994	66,968	75,404
Profit after tax	71,404	50,725	49,642	53,543	59,715
EBITDA [1]	94,926	73,641	68,065	72,889	81,994
FINANCIAL POSITIONS	$'000	$'000	$'000	$'000	$'000
Net asset value	560,244	507,140	478,477	439,872	408,730
Inventories	286,356	282,479	307,354	320,127	297,940
Cash and cash equivalents	180,971	180,496	124,849	93,898	98,332
Loans and borrowings	14,972	49,655	51,160	63,422	61,187
Free cash flow [2]	46,931	74,181	57,113	10,453	(13,026)
FINANCIAL RATIOS					
Gross margin (%)	27.0	24.2	22.7	23.7	22.6
Operating margin (%) [1]	12.4	9.5	8.6	9.2	10.1
Net margin (%)	9.9	7.3	7.1	7.6	8.1
Inventory turnover ratio	1.8	1.9	1.8	1.7	1.9
Debt / equity ratio (%)	2.7	9.8	10.7	14.4	15.0
Earnings per share (cents)	9.99	7.07	6.91	7.42	8.22
Net asset value per ordinary share ($)	0.79	0.72	0.68	0.62	0.58

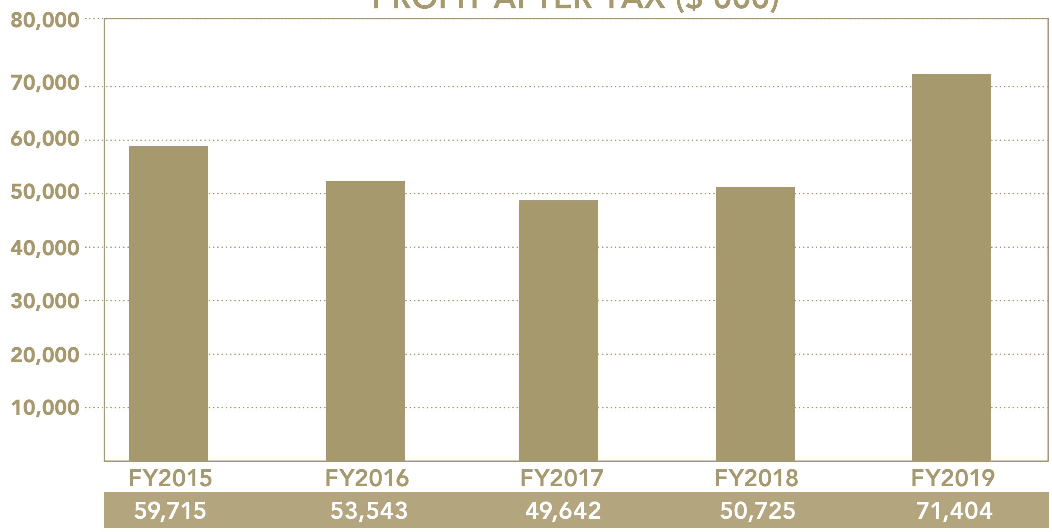
1. *Excluding fair value adjustment on investment properties.*
2. *Free cash flow refers to net cash flow from operating activities less purchase of property, plant and equipment, intangible assets and investment properties in the statement of cash flow.*

FINANCIAL HIGHLIGHTS

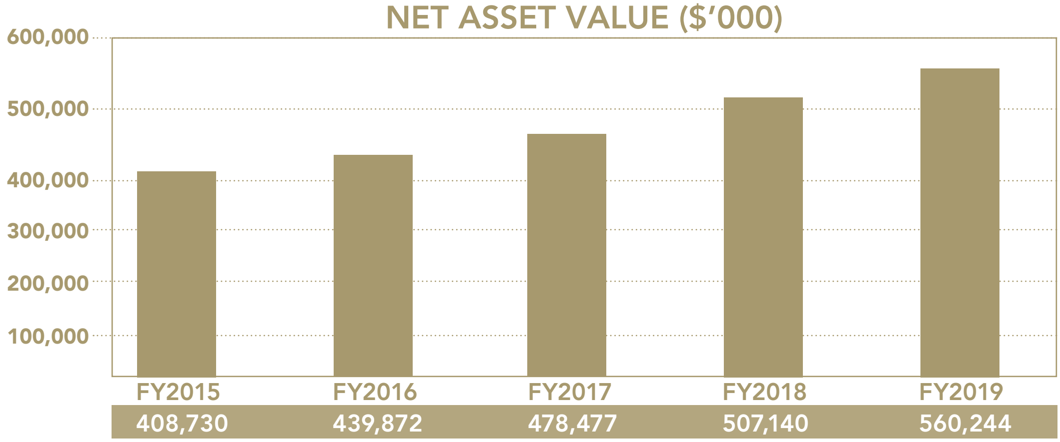
REVENUE ($'000)



PROFIT AFTER TAX ($'000)



NET ASSET VALUE ($'000)



VISION

To advance watch culture

ENTERPRISE MISSION

To be the watch world's leading cultural retail enterprise, making it the primary port of call for all enthusiasts and collectors alike

BUSINESS MISSION

To be an enduring, profitable business organisation that assumes a moderate risk profile, generating sustainable long term cashflows and returns by continually engaging in the practice of retail and digital sales and marketing, merchandising and operational excellence

CHAIRMAN'S STATEMENT

DEAR FELLOW SHAREHOLDERS,

For the Financial Year ended 31st March, the Group reported a modest increase in sales of 4% to $720.9 million with profit-after-tax rising 41% to $71.4 million. We view this set of results very positively following the transformational agenda that we had established three years ago. Sales advanced across all business units even as we expanded our gross margins from 24.2% to 27.0%. This was a deliberate calibration that required tremendous organisational discipline to achieve. Whilst we foresee that moving forward, this level of margin accretion will begin to taper, we are determined to hold them at these levels.

The Group continued to reduce its leverage, repaying $33.6 million of borrowings throughout the financial year. At the end of it, loans totalled $15.0 million whilst cash and cash equivalents stood at $181.0 million. As our balance sheet and cash profile strengthens, so does our resolve to maintain prudence in the management of our financial affairs and prepare for any economic downturn that may manifest in the proceeding years.

On a consolidated net asset basis, the Group increased its corporate net worth by $53.1 million to $560.2 million or $0.79 per share. In view of the improvements made in our operating performance and overall profitability, the Board of Directors is pleased to recommend a first and final dividend of 3.0 cents per ordinary share amounting to $21.2 million.

GENERAL COMMENTARY

After several years of persistent economic and political volatility – with the odd rude shock in between - the Swiss watch industry continued on the path to recovery, with watch exports expanding by 6.3% in 2018 to reach CHF21.2 billion. Having endured the steepest export decline in 2016, the business appears to have turned a corner. At the same time, the 2016 correction eliminated the inventory overhang in the luxury and prestige segment, and those segments have since been growing at the fastest clip. From a geographical perspective, whilst Singapore produced a tepid 0.6% year-on-year growth in Swiss watch imports, partly reflecting the state of consumer confidence in the country, Hong Kong and China remained heavyweights in this global equation, growing by 19.1% and 11.7% respectively. Combined, these two markets contributed 52.8% of the overall growth in Swiss exports for 2018.

Much of this growth in domestic Chinese consumption was driven by policy efforts of the Chinese government to rein in overseas spending by citizens, especially on luxury goods, and instead redirect it homeward. Multiple measures were enacted simultaneously, including the reduction in import duties for watches from the high of 20% in 2012 to 8-15% from 1 January 2019 along with cuts in the VAT rate from 16% to 13%. This had the positive effect of nudging brands into adjusting retail prices in China downwards to match the change in tax policy. Whilst outbound travel for Chinese tourists increased by 12.4% in 2018, the tightening of overseas credit limits on Chinese credit and debit cards, combined with stringent customs checks on returning travellers, reduced the propensity of the Chinese to shop lavishly while travelling. A new e-commerce law was also passed at the start of 2019, requiring all sellers of goods and services online to apply for a trading licence, which will inevitably be subject to taxes. For good measure, a highly punitive deterrent was added: any evasion of the new law is punishable with imprisonment. This will most certainly curtail the thriving business of Chinese *Daigou* operators, who shop overseas on behalf of clients at home. *Daigou* are estimated to resell around US$10 billion of luxury goods in China every year. As a final measure to spur domestic luxury goods consumption, the government had also committed itself to allow more duty-free outlets in airports and designated free-trade areas, meaning we will be seeing more tax-free shopping enclaves like that found on Hainan island springing up across the country.

Looking forward, whilst we expect continuing geo-political tensions and volatile stock markets, and so

CHAIRMAN'S STATEMENT

anticipate an overall deceleration in the growth of Swiss watch exports to approximately 3% for 2019, all major watch producers realise that Asian demand will remain the key driver of growth for the next decade and beyond. In response, they are deliberately channelling merchandise to the countries where true demand originates. Where we sit, so long as we continue to collaborate with the right partners, we are cautiously optimistic the ensuing years will bode well for the Group.

The Signal

The rate of digitalisation within the luxury sector is gathering speed as brands commit themselves towards online engagement and transactions. Today, e-commerce is 10% of the US$400 billion luxury goods market and forecast to rise to 12% by 2025. Our assumption is that before the end of the next decade, luxury goods sold online will be 20% of the overall market. This means that we could see the value of luxury goods purchased through digital platforms rise to US$100 billion - a plausible explanation as to why Richemont is anxious to capture a share of this potential with its investment in Yoox Net-a-Porter, its fashion ecommerce portal.

As of 2018, e-commerce at luxury groups such as Kering and LVMH account for some 6-7% of total group revenues. Richemont's online business registered US$2.5 billion in net revenue primarily driven by Yoox Net-a-Porter whilst competing platforms such as Farfetch reported US$1.4 billion in gross merchandise value. Combined, online sale at these four companies was US$8.5 billion. The signal is clear - online luxury commerce is here to stay.

These numbers, though large, is not what piques our curiosity. What interests us is the impact "going digital" has on the watch industry and more specifically, how it will shape purchasing behaviour of consumers today and tomorrow. More and more watch brands are prioritizing spending in digital marketing and developing advanced analytical tools to capture customer data for an "always on" shopping experience. Already 50% of all in-store transactions for luxury goods are influenced by information gleaned online, and for the watch business, that rises to 84%, likely due to the technical nature of the product itself. So, our customers' discovery phase is now inherently digital. But the question we have to ask is does this translate into a sustainable primary market, meaning more sales of new watches through official channels online?

In a recent survey on digital shopping behaviour conducted by McKinsey, it was reported that whilst 54% of the respondents based their purchasing decisions on peer reviews with a similar number saying that e-commerce sites aided in research of product facts, these factors alone were insufficient motivation for them to go the last mile and close the transaction online. What was most surprising is that 90% of all respondents stated that they considered the in-store, in-person experience still the most critical source of influence when making purchasing decisions. In other words, what customers desire is information online and shopping offline. This fact is evidenced by the recent news of the world's largest online watch resource Hodinkee announcing its entry into traditional bricks and mortar retailing. It demonstrates that even with the largest and most captive watch audience in the world, there is a cap to the potential of pure-play e-commerce, and growing beyond a niche requires a physical space.

And the Noise

The secondary market for watches, encompassing pre-owned, the grey market, and everything in between, is as old as the watch industry itself. But it is only in the last couple of years that it has seized headlines, because of the vast sums of money being invested in the sector, which its proponents say is worth anywhere between US$50 billion up to US$500 billion a year. Hong Kong based Watchbox had supposedly received commitments of US$100 million in 2017, and last year Richemont completed its acquisition of the world's most important pre-owned platform Watchfinder for a reputed US$250 million. But it is our view that the size of the pre-owned

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watch market is perhaps not as large as the headlines imply.

Bain & Company's fall-winter 2018 report on the global luxury goods market estimates the total market size of the second-hand trade to be US$25 billion and that the watch and jewellery category accounts for 80% of the market. That means both watches and jewellery combined are a US$20 billion market. But because jewellery is three times larger than the watch market, the size of the pre-owned watch market is more likely to be closer to US$7 billion than it is to US$50 billion. It may even be far less as it is a fragmented market that is geographically localised, since taxes and security make moving watches across borders difficult. Proof is in the major watch buying cities in Asia – Hong Kong has dozens of pre-owned watch retailers while in Tokyo, it counts into the hundreds.

The truly global pre-owned watch merchants are few and far between. The most obvious are the auction houses like Christie's, Phillips and Sotheby's, which perhaps sell some US$350 million in watches between them each year. Then there are various online retailers which, in aggregate, transact anywhere between US$1 billion to US$1.5 billion in gross revenue. This is a substantial market, but several things are clear. Firstly, the localisation characteristics of the secondary market means there is no first mover advantage. The internet has exacerbated this by lowering barriers to entry to almost zero; today a shop front can be no more than just an Instagram account. Second, because buyers of pre-owned watches are intrinsically more price sensitive, the market is more commoditised; in short, the cheapest wins. And the final point is that the quality of sourcing is crucial. Even though selling pre-owned watches is a commodity business, sourcing them is the opposite, since a good nose and sharp eyes are required to distinguish authenticity, condition, provenance, accessories and the like. Together, that means the business ends up in the same situation as many other e-tailers – low or no margins accompanied by the relentless pursuit of growth, funded by repeated rounds of fundraising. As Amazon has demonstrated, that model works well in a very, very, very large market, which is selling basically everything to customers everywhere (with the exception of China of course). The watch business on the other hand is too small to sustain that, at least for now.

Retail Darwinism

The watch industry is undergoing a series of rapidly occurring, transformational shifts that will inevitably fracture the traditional retail infrastructure. As an industry, we are past the inflection point, migrating from a unipolar system of wholesale distribution through to a multi-conceptual order where some of the most desired brands are retreating, several in entirety, from multi-brand retailers to pursue sales exclusively in their own contained brand environments and online platforms, or selectively consolidating their distribution to focus on their strongest regional multi-brand retail partners. This has obviously heightened friction between long-time partners and will of course result in scores of smaller retailers exiting the industry entirely.

By extension, the way brands approach trade fairs have also been altered. The biggest news of 2018 has arguably nothing to do with watches or watchmakers, but instead centres on the MCH Group, the Swiss exhibitions company that owns Art Basel and Baselworld. The latter was once the mighty champion of watch fairs that commanded a global audience. But over a lazy Sunday last summer, Nick Hayek, chief executive of the Swatch Group, declared that all of his 18 brands would no longer participate in Baselworld, a massive shock that reverberated across the watch industry. Within days the chief executive of MCH had resigned, while Baselworld's board of directors swiftly promised reforms to address the issues that Mr Hayek cited as the reasons for his departure. Baselworld still took place in March 2019, but on a far smaller scale. The number of exhibitors is down 75% from a decade ago. Instead of showing at Baselworld, the Swatch Group staged an exhibition of its own construct in Zurich while Breitling announced it will leave Baselworld 2020 and instead produce its own travelling roadshow. But the twin

CHAIRMAN'S STATEMENT

Geneva giants, Rolex and Patek Philippe, remained the anchors at Baselworld and have given every indication they plan to continue. The fair's travails illustrate a broader and more salient point: the disintermediation of watch fairs, with brands going direct to retailers, media, and even clients. Personally, I have been travelling to Baselworld every year for more than four decades now, and it has become a place where I look forward to seeing old friends and colleagues. The relationships that are built on this annual meeting at Baselworld cannot be underestimated and I for one hope the fair will continue.

Then the inevitable question: will watch retailers also fall victim to this level of disintermediation? The answer, in my view, is no. While only a couple of major brands are extracting themselves from multi-brand watch retailers, others such as Patek Philippe, Rolex and Hublot remain firmly committed to the wholesale distribution model. More importantly, it appears that the world's largest luxury brands – and not mere watch brands – are coming to the realisation that the retail of watches is distinct from that for "soft" luxury like bags and clothing, particularly when it comes to mechanical watches for men. Although brands like Chanel and Hermes have the financial firepower to open a constellation of watch boutiques, both are gradually and selectively expanding their third-party watch distribution networks. That, in all likelihood, is recognition of the knowledge, goodwill, and client base that watch retail specialists possess. Even Francois-Henri Pinault, the Chairman of Kering, has stated that the luxury watch business cannot be managed on the same terms as his flagship fashion brands Gucci and Saint Laurent.

In an age of digital disruption, specialty watch retailers can no longer content themselves with living in a purely transactional world; we need to adapt or be faced with the prospect of extinction. For traditional specialist watch retailers to thrive, us included, there has to be a wholesale reorganisation of the manner in which we approach our prospects and clients. Whilst I'm a believer in the marriage of digital content and commerce, I'm an even bigger believer in the sector for primary market, specialty watch retail. At the furthest end of the equation, this sales channel will continue to contribute to 80% or more of any luxury watch brand's business.

Underlining our view that retail is still important, the value we can add as a specialist luxury watch retailer is our expertise and ability to create physical environments where consumers can engage with a human being. We seek to contextualise the wristwatch across different universes and hence, have developed differentiated retail experiences with our thematic salons. At The Hour Glass, we advance watch culture by building communities, empowering their constituents with the sharing of specialist knowledge and at the same time, engaging them with tailored experiences that enrich their lives with passion. We aim to transform every member of our sales team into individuals who can provide these constituents with specialist consultations, comparing and contrasting one to several watches for them. We view our single biggest weapon against any future channel threat to be our army of watch specialists and have continued to invest extensively in the area of qualitative learning and development.

ROUNDING OFF

I wish to begin by offering gratitude to the trust bestowed on us by our principal brand partners, the incredible commitment of our retail and management teams and the counsel I have received from our Board of Directors. It is the combined effort of this incredibly important group of people that has allowed us to accomplish many of our goals.

I also wish to acknowledge Andrew Siaw, a senior member of our retail management team who has decided to retire after 47 years in the watch industry. Andrew started his career at the age of 21 in my father's watch business as a junior sales associate but as he tells it, his primary responsibility for the first 3 years was delivering watches to clients… on a bicycle! After having developed an impressive set of quadriceps, he was one of the first employees of The Hour Glass and over the last four decades, become a model member of

CHAIRMAN'S STATEMENT

the team. His one defining trait is that he was always prepared to improve himself. Always putting the company's interests first, and when necessary, taking on some of the most challenging boutiques and deftly turning them around. Andrew went out of his way to mentor younger members of the team and like the many colleagues he's touched over his time with The Hour Glass, I will miss his can-do spirit.

And as old soldiers fade, there is a new generation of industry leaders firmly established at the helm of their respective watch companies. Thierry Stern, owner and President of Patek Philippe; Jean-Frederic Dufour, CEO of Rolex; Jerome Lambert, CEO of Richemont; Frederic Arnault, scion of the LVMH Group; Stephane Bianchi, the recently appointed President of LVMH's Watch & Jewellery division; and Ricardo Guadalupe, CEO of Hublot - they represent the generation who will direct and shape the watchmaking landscape for the coming decades. I am excited at the prospect of collaborating with these individuals and what it will mean for all of us, especially since we all share a common set of values - integrity, quality consciousness and a commitment to long term partnerships.

E-commerce is a new sales channel in development over the past two decades. In contrast, the pre-owned watch market, like the market for new watches, is anything but new. In the past few years, we've heard enough brand and retailer CEOs declare both their anxiety and excitement about the prospects for both e-commerce and the Certified Pre-Owned market. This moment reminds me of a very similar situation that arose ten years ago with the emergence of home-sharing platforms. When Airbnb arrived, hoteliers the world over panicked and predicted the disruption to their industry would mean impending doom to their business; and that if they did not enter into the fray, they would be missing out on the next big thing. Companies like Hyatt and Hilton rushed to invest in a variety of home sharing start-ups. A decade on, these same hospitality groups are jettisoning their stakes, declaring that they are unable to see a clear path to profitability for such businesses. And as hoteliers that cater to a premium clientele, the value proposition didn't match with their company's customer promise.

The true digital world is still terra incognita for our Group. But we are slowly and surely piecing together the parts that will ensure our strategic approach towards it yields long term success. And so, with the insights we have gleaned from other industries that were disrupted far earlier than ours, we feel it is best for us to adhere to the sagely advice proffered by the Chinese philosopher Lao Tzu: "Trying to understand is like straining through muddy water. Have the patience to wait. Be still and allow the mud to settle."

HENRY TAY YUN CHWAN
Executive Chairman
31 May 2019

CORPORATE GOVERNANCE

The Hour Glass Limited is committed to ensuring a high standard of corporate governance within the Company, its subsidiaries and significant associates. This report describes the corporate governance practices and activities of the Company and its subsidiaries ***("Group")*** for the financial year ended 31 March 2019 ***("FY2019")***.

The Company's corporate governance practices and activities in relation to each of the principles of the Code of Corporate Governance 2012 ***("Code")*** are set out in the following segments. The Company believes that it has complied in all material respects with the principles, guidelines and recommendations of the Code, and deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board is entrusted with the overall management of the business affairs of the Company, and sets the overall strategy and policies on the Group's business direction and long-term sustainability. It reviews significant investment and divestment proposals, funding decisions, financial performance and key operational initiatives, and oversees the implementation of appropriate systems to manage the Group's business risks. Other functions include considering and approving nominations and re-nominations to the Board, reviewing management performance and reviewing and endorsing the recommended framework of remuneration for the Board and key executives. The Board also assumes responsibility for corporate governance, sustainability direction and identifying key stakeholder groups whose perceptions can affect the Group's reputation and ensuring that obligations to shareholders and other stakeholders are understood and met. The Board sets the tone from the top for matters such as values and standards (including ethical business practices).

The Board has put in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at management level to facilitate operational efficiency. Matters that are specifically reserved for the Board's decision include interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited ***("SGX-ST")***. The Board also approves the periodic and full-year financial results for release to the SGX-ST.

In the discharge of its functions, the Board is supported by specialty Board committees that provide independent oversight of management, and which also serve to ensure that there are appropriate checks and balances. These key committees are the Audit Committee ***("AC")*** and the Nomination and Remuneration Committee ***("NRC")***. The NRC was formed on 30 July 2018 following the amalgamation of the Nominating Committee ***("NC")*** and Remuneration Committee ***("RC")*** into a single Board committee to promote efficiency and effectiveness. In particular, it allows for holistic review of remuneration matters alongside succession/development of the Board and key management within the one Board committee. Prior to the NRC's formation on 30 July 2018, there were three key Board committees supporting the Board, namely, the AC, the NC and the RC.

The Board meets at least once every quarter. Board and Board committee meetings are scheduled prior to the start of each financial year. In addition to scheduled Board meetings, *ad hoc* meetings are convened as and when circumstances require. The Board met four times during the financial year. To facilitate the Board's decision-making process, the Company's Constitution provides for directors to participate in Board meetings

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by conference telephone and similar communications equipment, and for Board resolutions to be passed in writing, including by electronic means.

All incoming directors and senior executives are briefed on the Group's operations and furnished with information on the Group's corporate governance practices at the time of appointment as part of their induction, orientation and training, and thereafter are routinely updated on developments and changes in the operating environment, including revisions to accounting standards, listing rules, and laws and regulations affecting the Company and/or the Group. Where necessary, the Company will arrange training for a first-time director in areas such as accounting, legal and industry-specific knowledge. A newly appointed director will be provided with a formal letter of appointment setting out the director's duties and obligations, and a toolkit for the director relating to certain time-sensitive disclosures such as interests in securities, conflicts of interest in transactions, and interested person transactions.

At the request of directors, the Company will fund directors' participation at industry conferences, seminars or training programmes in connection with their duties as directors of the Company. The Company brings to the directors' attention, information on seminars that may be of relevance or use to them.

The Board is accountable to shareholders while management is accountable to the Board. Each director is expected to act in good faith and in the best interests of the Company at all times in the exercise of his or her duties and powers as a director.

BOARD COMPOSITION AND GUIDANCE

***Principle 2:** There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders[#]. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Independent non-executive directors make up more than half of the Board. The Board currently has seven members, consisting of four independent non-executive directors and three executive directors. None of the directors had an alternate director.

The number of independent Board members is in keeping with the recommendation in the Code (which stipulates at least half of the Board should be independent where (among others) the chairman of the Board is not an independent director or is part of the management team or is also the chief executive officer). As the Company's chief executive, the Executive Chairman heads the senior management team.

The Board has adopted the definition in the Code of what constitutes an independent director, having regard also to the relevant SGX-ST Listing Manual provisions on directors' independence. The independent non-executive members of the Board comprise seasoned professionals with management, financial, accounting, investment, private equity, retail and commercial backgrounds. This enables the executive directors and management to benefit from their external and objective perspectives of issues that are brought before the Board. It also provides a broad spectrum of business acumen and skill sets to help shape the strategic process, monitor the performance of management and operate as an appropriate check and balance.

The independence of each independent member of the Board is reviewed annually and is subject to particularly rigorous review where such person has served on the Board beyond nine years. The NRC (which took over the NC's functions and replaced the NC from 30 July 2018) assists the Board with such reviews. There are no material relationships (including immediate family relationships) between each independent non-executive director and the other directors or the Company or its 10% shareholders. Each of the independent non-executive directors has served on the Board for less than nine years as at 31 March 2019.

The Board is of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience,

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gender and knowledge of the Company, as well as necessary core competencies including in finance, management experience, industry knowledge, strategic planning experience and customer-based experience. The Board believes that its composition which has regard to factors such as the age, gender, cultural and educational background of its members, contributes to the quality of its decision-making. The Company will continue to decide on appointments to the Board having regard to the merit of candidates and believes that doing so will be consistent with achieving a diversity of perspectives described above. The Board also considers the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations, the number of independent members, the requirements of the business and the need for an orderly and phased rejuvenation process to avoid undue disruptions from changes to the composition of the Board and/or Board committees.

The profiles of the directors are set out under the section "Board of Directors" in the Annual Report. Additional information on the Board members is set out below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

***Principle 3:** There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

Dr Henry Tay is a co-founder of The Hour Glass and he is regarded as a controlling shareholder of the Company. Dr Henry Tay is the Executive Chairman of the Company, and Dr Kenny Chan and Mr Michael Tay are the Group Managing Directors of the Company. Mr Michael Tay is the son of Dr Henry Tay and a nephew of Dr Kenny Chan. The executive directors, comprising the Executive Chairman and the Group Managing Directors, take an active role in management and overseeing the Group's operations, providing a division of executive responsibility and authority in the Company. As the Company's chief executive, the Executive Chairman heads the senior management team.

The Company believes that it has effective independent non-executive directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. Individually and as a group, the independent non-executive directors express individual viewpoints, debate issues, objectively scrutinise the development of strategic proposals and constructively challenge management. In addition, the non-executive directors assist the Board in reviewing the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. Mr Kuah Boon Wee is the lead independent director. He is also chairman of the NRC from 30 July 2018, and was chairman of both the NC and RC up till 30 July 2018. The role of the lead independent director is to be available to shareholders where they have concerns and for which contact through normal channels of the Executive

NAME OF DIRECTOR	AGE*	DATE FIRST APPOINTED AS DIRECTOR	DATE LAST RE-APPOINTED/RE-ELECTED AS DIRECTOR
Dr Henry Tay Yun Chwan	75	11 Aug 1979	20 Jul 2016
Dr Kenny Chan Swee Kheng	65	1 Apr 2004	20 Jul 2016
Mr Michael Tay Wee Jin	43	15 Aug 2005	30 Jul 2018
Mr Kuah Boon Wee	52	1 Apr 2011	27 Jul 2017
Mr Pascal Guy Chung Wei Demierre	45	1 Apr 2011	27 Jul 2017
Mr Liew Choon Wei	65	1 Apr 2017	27 Jul 2017
Mr Jeffry Lee Yu Chern	55	1 Oct 2017	30 Jul 2018

** As at the Company's Annual General Meeting on 25 July 2019.*

 # The term "10% shareholders" is defined in the Code to refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" excludes treasury shares.

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Chairman or other members of senior management has failed to provide satisfactory resolution, or when such contact is inappropriate. The lead independent director will meet with the other independent members of the Board without the presence of the executive directors as and when necessary and provide relevant feedback to the Executive Chairman.

At the operational level, the senior management team, which includes the Executive Chairman and the Group Managing Directors, provides decisiveness and clarity in the implementation of corporate policies and objectives, and serves to align the interests of the majority stakeholder with those of minority shareholders in the Company's goals for enhancing shareholder value. It is hence felt that it is not necessary, in the circumstances, for an independent non-executive chairman, or to separate the role of chairman and chief executive officer, as recommended by the Code.

As part of his administrative duties, the Executive Chairman ensures that Board meetings are held when necessary, sets the Board meeting agenda in consultation with, among others, the Group Managing Directors and Chief Financial Officer and ensures that there is adequate time available for discussion of all agenda items. The Executive Chairman promotes a culture of openness and debate at meetings of the Board, encourages constructive relations among members of the Board and between the Board and management, fosters effective communication with shareholders at the general meetings of the Company and facilitates contributions of the non-executive directors. He also reviews Board papers on significant issues before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information, and that formalities and procedures are observed. The Board, together with management, are responsible for ensuring compliance with applicable laws and regulations.

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

Principle 5: *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The NRC was formed on 30 July 2018 following the amalgamation of the NC and RC into a single Board committee. The NRC currently has three members and is chaired by Mr Kuah Boon Wee. The other members of the NRC are Mr Liew Choon Wei and Mr Jeffry Lee Yu Chern. The NRC is comprised entirely of independent non-executive directors. The NRC met twice during the financial year.

The NC consisted of four members and was chaired by Mr Kuah Boon Wee. The other members of the NC were Dr Kenny Chan, Mr Pascal Demierre and Mr Jeffry Lee. The majority of the NC members, including the NC chairman, were independent non-executive directors. All the members of the NC served until its dissolution on 30 July 2018. The NC met once during the financial year prior to its replacement by the NRC.

The NRC took over the functions and duties of the NC, hitherto set forth in the NC's terms of reference, from 30 July 2018. The NRC's scope of authority is formalised in its terms of reference. In relation to nominations, the principal functions of the NRC are to make recommendations to the Board on appointments including re-nominations, and oversee the Company's succession and leadership development plans.

The NRC is responsible for reviewing the independence of Board members who are independent directors upon appointment, and thereafter annually or whenever circumstances require. Independent directors are required to notify the NRC promptly of any relationships or circumstances which arise that are likely to affect, or could appear to affect, the director's independence. Prior to its replacement by the NRC, the NC performed these functions.

The NRC is also responsible for reviewing the structure, size and composition of the Board and Board committees. Regular reviews are made by the NC and

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(following the NC's dissolution) the NRC in consultation with the Executive Chairman. The selection of candidates for new appointments to the Board as part of the Board's renewal process is policy-based and includes prerequisites such as independent mindedness, core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors, experience in high-performing organisations, track record and business acumen. Candidates are evaluated taking into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant expertise of the candidates and their potential contributions to the Board, having due regard for the benefits of diversity on the Board including age, gender, cultural and education background and skill sets. Candidates may be put forward or sought through contacts and recommendations. The NRC (as with its predecessor, the NC) is empowered to use the services of external advisers to facilitate the search as it deems necessary. The criteria for appointment of a new Board member will be underscored by the need to shape the Board in line with the medium-term needs of the Company and its strategic goals and business direction for the Group. The size and composition of Board committees is structured to ensure an equitable distribution of responsibilities among Board members, maximise the effectiveness of the Board and foster active participation and contribution.

Factors which are taken into consideration for the re-nomination of the directors for the ensuing year include not only the directors' attendance and participation at Board meetings and Board committee meetings in the financial year under review, but also whether the Board and management have benefited from an open and healthy exchange of views and ideas. The renewal of a director's Board membership recognises the value of that individual to the Board and the Company, and his or her continued contribution to the on-going needs of the Company and its business. A director's calibre, experience, stature and skills as well as his or her ability to contribute to the proper governance and stewardship of the Company and its operations are important qualities, albeit not capable of precise valuation or measurement, nor need such contributions necessarily be confined to the boardroom. Contributions by a director can take many forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to management outside of a formal environment of Board and/or Board committee meetings. The Board has set as a maximum number, seven other listed company board representations which a director may concurrently hold in order that competing time commitments may be practically managed. A director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Company. The NRC (as with its predecessor, the NC) takes this into consideration when evaluating whether the individual is able to or has been adequately discharging his or her duties as a director of the Company. Likewise, as a director is expected to be able to commit time to the affairs of the Company, the NRC (as with its predecessor, the NC) would generally not support the appointment of an alternate director.

The NRC (as with its predecessor, the NC) administers annually, the formal process adopted by the Board for evaluation of the Board's performance as a whole, including Board committees and the contributions of individual directors to the effectiveness of the Board. The performance criteria include assessment of the Board's size and composition, access to information, processes and accountability and Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference, while individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board committees, as appropriate. Each member of the Board is required to complete an evaluation form. The NRC collates the completed forms and compiles a consolidated report for the Board, in consultation with the Executive Chairman, before presenting its findings to the Board for consideration. The Executive Chairman would act on the results of the performance evaluation where appropriate. This includes (in consultation with the NRC) proposing new members to be appointed to the Board or seeking the resignation of directors. The Board is of the view that while financial indicators

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such as share price performance and return-on-equity may provide a means of benchmarking the Board's performance relative to that of competitors and industry peers, non-financial indicators such as feedback received from investors and market analysts also serve as useful qualitative analysis by external parties. Hence, financial indicators in themselves do not necessarily fully measure the long-term success and value creation of the Company. The Board believes that its performance and that of individual Board members is reflected in, and evidenced by, proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to management in steering the Company and the Group in the appropriate direction. Having regard to its composition and mix, the Board has endeavoured through each director's unique contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company. The Board is of the view that during the financial year, its members have performed efficiently and effectively for the Board to function collectively as a whole.

The matrix of Board members' participation and attendance record at meetings of the Board and the specialty Board committees during the financial year is provided at the end of this report. This also reflects a Board member's additional responsibilities and special focus on the respective Board committees of the Company.

ACCESS TO INFORMATION

Principle 6: *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Non-executive directors have separate and independent access to the executive directors, management and the company secretary, and vice versa. In general, the agenda and board papers which set out, amongst other things, management information such as financial performance, budgets, financial position, capital expenditure and operational statistics, are sent to all directors at least five days in advance of each scheduled quarterly Board meeting. Any material variance between budgets, projections and actual results are disclosed and explained. Senior managers who have prepared the papers, or who can provide additional insight on the matters to be discussed, are normally invited to present the paper or attend during the Board meeting. All directors are provided with monthly flash reports to enable them to keep abreast of the Group's performance, position and prospects. Relevant information on material events and transactions are circulated to the Board members as and when they arise. Additional information is provided to directors, as and when needed or requested, to enable them to make informed decisions.

The company secretary's duties include assisting the chairman of the Board in ensuring that Board procedures are followed and communicating changes in listing rules or other regulations affecting corporate governance and compliance where appropriate. The company secretary also attends Board meetings to take minutes. The Company's Constitution provides for the appointment and removal of company secretary by the Board.

Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties. The Chief Financial Officer assists the directors in obtaining such advice.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

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LEVEL AND MIX OF REMUNERATION

***Principle 8:** The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

DISCLOSURE ON REMUNERATION

***Principle 9:** Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remunerative policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

Prior to its replacement by the NRC on 30 July 2018, the RC, which consisted entirely of independent non-executive directors, comprised Mr Kuah Boon Wee (chairman), Mr Philip Eng, Mr Pascal Demierre and Mr Liew Choon Wei. The RC met once during the financial year prior to its replacement by the NRC. All the members of the RC served until its dissolution on 30 July 2018.

The NRC took over the functions and duties of the RC, hitherto set forth in the RC's terms of reference, from 30 July 2018. The NRC has three members and is chaired by Mr Kuah Boon Wee. The other members of the NRC are Mr Liew Choon Wei and Mr Jeffry Lee. The NRC consists entirely of independent non-executive directors.

The NRC's scope of authority is formalised in its terms of reference. In relation to remuneration and related matters, the NRC's primary role is to review, determine and recommend to the Board, the framework of remuneration, terms of engagement, compensation and benefits for senior executives, including the specific remuneration packages for executive directors of the Company and key management personnel. Its functions include review of senior executive development and succession, compensation plans and recruitment strategies, and evaluation of executives' performance. As part of its review, the NRC (and prior to 30 July 2018, the RC) takes into consideration the salary and employment conditions within the same industry and in comparable companies. The NRC (as with its predecessor, the RC), in carrying out its functions, has access to professional advice on human resource matters whenever there is a need to consult externally. There was no necessity for external advice to be obtained during the financial year.

The NRC's terms of reference (as with its predecessor, the RC) cover all aspects of remuneration but do not include the annual review and recommendation of the fees for non-executive directors of the Company (to be put to shareholders in Annual General Meeting ***("AGM")*** for approval), which is a Board reserved matter. Such fees are set in accordance with a remuneration framework comprising basic fees, attendance fees and additional fees for serving on Board committees. In determining the quantum of such fees, factors such as time spent and responsibilities are taken into account. Market benchmarking is done periodically to ensure that the directors' fees are within market norms and commensurate with responsibilities of the non-executive directors. Executive directors do not receive directors' fees as they are remunerated as executive employees. No individual director decides his or her own remuneration.

The Company adopts an overall remuneration policy for staff comprising a fixed component in the form of a base salary. The variable component is in the form of a bonus that is linked to the Company's and the individual's performance. When deciding on performance-related remuneration, the NRC (as with its predecessor, the RC) also takes into account the risk policies of the Company, risk outcomes and time horizon of risks that might be undertaken. The employment terms of executive directors and certain senior key management personnel stipulate a fixed component in the form of base salary and a variable component linked to the pre-tax profits of the reporting entity and include provisions which entitle the Board to recompute (and, as applicable, either claw-back or top-

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up) the incentive component of their remuneration in the event of an adjustment made to, or restatement of, the audited consolidated financial statements of the Group for the relevant financial year (other than due to a change in applicable accounting standards or interpretation). The Company's executive directors are under service contracts. Their contract renewals and any revisions are subject to the review and approval of the NRC (as with its predecessor, the RC). Termination clauses for executive directors and key management personnel are structured to operate fairly and reasonably and not be overly generous. As at 31 March 2019, there are no termination, retirement and post-employment benefits granted to directors and key management personnel save for the provision of retirement gratuities for the Executive Chairman. The Company does not presently operate an employee share option, share-based or long-term incentive scheme. The NRC (as with its predecessor, the RC) will consider a suitable scheme as and when it deems necessary. For the present, the NRC is of the view that current remuneration incentives are adequate and effective as motivational tools to encourage the performance and retention of the executive directors and key management personnel.

The Company is of the view that disclosure of the remuneration details of each director and key management personnel (who are not directors) in the manner recommended by the Code will be detrimental to the Company's interests, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Group operates. Instead, the level and mix of the annual remuneration of the directors in remuneration bands of $250,000 and the level of remuneration of the Group's top six key management personnel (who are not directors), are disclosed at the end of this report. The aggregate remuneration of the executive directors and of the top six key management personnel (who are not directors) for the financial year were $7,247,433 and $3,134,927, respectively. The aggregate directors' fees of $307,717 paid to the non-executive directors for the financial year was within the amount of up to $356,000 approved at the AGM on 30 July 2018. During the year, Mrs Choy Siew Sen (an employee in an Australia subsidiary of the Company) who is the sister of Dr Kenny Chan, received an annual remuneration above $200,000 but below $250,000.

An annual remuneration report is not included in this report as the matters required to be disclosed therein have been disclosed at the end of this report, the Directors' Statement and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

***Principle 10:** The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Company is committed to providing a balanced and clear assessment of the Group's performance, financial position and prospect through timely reporting of its quarterly and full year results. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements, including requirements under the Listing Manual. Negative assurance statements were issued by the Board with each quarterly financial report to confirm that to the best of its knowledge, nothing had come to its attention which would render the Company's quarterly results false or misleading in any material respect.

RISK MANAGEMENT AND INTERNAL CONTROLS

***Principle 11:** The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board oversees management in the design,

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implementation and monitoring of the risk management and internal control systems. The Board recognises that it is responsible for risk governance and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. The Board appreciates that risk management is an on-going process in which senior management and the operational managers continuously participate to evaluate, monitor and report to the AC and the Board on significant risks.

The Company has developed and implemented a Board Assurance Framework which includes an Enterprise Risk Management Framework to identify the significant risks facing the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The Company has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and management in risk monitoring, escalation, mitigation and reporting.

The Company has established risk appetite statements and tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Relevant procedures are in place to identify significant risks, including financial, operational, compliance and information technology risks and evaluate the potential impact of these risks on the Group. There are also procedures for the authorisation of capital expenditures and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business. The annual budgets are submitted to the Board for review and actual performance is compared with budgets periodically to monitor the Group's performance. All directors are provided with quarterly management accounts.

The Company's approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to manage such risks, and risk management policies are monitored by management, and periodically reviewed and approved by the Board. The internal audit plan is developed in conjunction with the Company's Enterprise Risk Management Framework and covers those areas which are considered to pose significant risks to the Company.

During the financial year, the AC and the Board reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2019 to address financial, operational, information technology and compliance risks, which the Group considers relevant to its operations. However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision-making, losses, fraud or other irregularities.

In addition, the Board has received assurance from the Group Managing Directors and Chief Financial Officer that the financial records for the financial year ended 31 March 2019 have been properly maintained, give a true and fair view of the Group's operations and finances and that the Group's risk management and internal controls systems are adequate and effective.

AUDIT COMMITTEE

***Principle 12:** The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

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The AC currently has three members and is chaired by Mr Liew Choon Wei (from 30 July 2018). The AC, which currently includes Mr Kuah Boon Wee and Mr Pascal Demierre (from 30 July 2018), consists entirely of independent non-executive directors. Mr Philip Eng was the chairman of the AC and Ms Saw Phaik Hwa was a member of the AC until 30 July 2018 when they both retired from the Board.

The Board is of the view that all AC members who served during the year under review possess the relevant expertise to discharge the functions of an AC. During FY2019, at least two members of the AC, including the current and former chairmen of the AC, are qualified chartered accountants. Collectively, the AC members have extensive experience in accounting, business administration and management. None of the AC members was a former partner of the Company's existing external auditor, Ernst & Young LLP, within the previous twelve months or has any financial interest in the firm.

The AC's scope of authority is formalised in its terms of reference, which include the statutory functions of an audit committee as prescribed under the Companies Act of Singapore and applicable listing rules of the SGX-ST. In addition, the AC, under its terms of reference as delegated by the Board, has the responsibility to oversee the Group's risk management framework and policies. The AC has explicit authority to investigate any matter within its terms of reference.

During the financial year, the AC met four times. The activities of the AC include reviewing with the external auditor its (i) annual audit plan, findings, and recommendations to management as well as management's response; (ii) evaluation of the system of internal accounting controls; and (iii) audit report. Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the AC at its meetings. The AC also reviews the assistance given by management to the external auditor, the scope and results of the internal audit procedures, the statements of financial position of the Company and Group, and consolidated income statement of the Group, significant financial reporting issues and judgments as well as the quarterly and full-year results prior to their submission to the Board, and (where applicable) interested person transactions. If a firm other than the external auditor is appointed as auditor of any unlisted Singapore-incorporated subsidiary or significant associate, the AC together with the Board would have to be satisfied that it would not compromise the standard and effectiveness of the Company's audit by the external auditor. The AC also recommends the appointment or re-appointment of the external auditor, and takes into consideration the scope and results of the audit and its cost effectiveness (including remuneration and terms of engagement) and the independence of the external auditor.

In the review of the financial statements, the AC discussed with management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for the year ended 31 March 2019 were reviewed and discussed by the AC with management and the external auditor:

- Allowance for inventories
- Valuation of investment properties

Following the review and discussion, the AC was satisfied with the approach and appropriateness of methodologies used by management, as adopted and disclosed in the financial statements, and recommendation was made by the AC to the Board to approve the financial statements.

The AC has undertaken a review of all non-audit services provided by the external auditor during the financial year, and is of the view that they would not affect the independence of the external auditor. The aggregate amount of audit and non-audit fees paid to the external auditor in the year under review can be found at note 8 to the financial statements, in the Annual Report. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its auditing firms.

The AC members take steps to keep abreast of the changes to accounting standards and issues which

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have a direct impact on financial statements through attendance at briefings by the external auditor or other professionals. The AC has full access to and co-operation of the Company's management and the internal auditor and has full discretion to invite any executive director or officer to attend its meetings. Both the internal and external auditors have unrestricted access to the AC. Reasonable resources have been made available to the AC to enable it to discharge its duties. The AC will meet the external auditor, and with the internal auditor, without the presence of management, at least annually.

The Company's external auditor carries out, in the course of its annual statutory audit, a review of the Company's internal controls relevant to the Company's preparation of the consolidated financial statements, and risk management to the extent of the scope of audit as laid out in its audit plan. Material non-compliance and internal control weaknesses noted during the audit and the external auditor's recommendations to address such non-compliance and weaknesses are reported to the AC. Management follows up and implements the external auditor's recommendations.

The Company has in place a "whistle blowing" policy whereby staff and others may, in confidence, raise concerns about possible impropriety in matters of financial reporting, fraudulent acts or behavior that might constitute a contravention of any rules, regulations or internal policies. The AC oversees this policy, including ensuring that procedures are in place for independent investigations and appropriate follow up action. A copy of the policy is posted on the Company's intranet.

INTERNAL AUDIT

Principle 13: *The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The AC ensures that the internal audit function has appropriate standing within the Company and that it is staffed by persons with appropriate qualifications and experience. The Company's internal audit function is headed by a manager, who reports directly to the chairman of the AC on audit matters and to the Group Managing Directors on administrative matters. The AC reviews the internal audit reports and activities as well as the adequacy and effectiveness of the internal audit function, at least annually. The AC also reviews and approves the annual internal audit plan.

The AC participates in and approves the hiring, removal, evaluation and compensation of the head of the internal audit function. The internal audit department has unfettered access to all company documents, records, properties and personnel, including access to the AC. The AC is of the view that the internal audit function is effective, and the internal audit department is adequately resourced to perform its functions and have, to the best of its ability, maintained its independence from the activities that it audits.

The internal audit department applies the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.*

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. The Company communicates information to shareholders

CORPORATE GOVERNANCE

through announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full-year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. Information is provided in an understandable and balanced manner, and on a timely basis so as to enable shareholders to make informed decisions in respect of their investments in the Company.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM which sets out all items of business to be transacted at the AGM, is also advertised in the newspapers. The Company also maintains a website www.thehourglass.com where shareholders and the public can access information on the Group.

The Company's main forum for dialogue with shareholders takes place at its AGMs, where members of the Board including the chairmen of the respective Board committees, senior management and the external auditor are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company, its strategies and performance, and seek clarification on a resolution before it is put to the vote. In addition, the Company also attends to enquiries from shareholders, analysts and the press. Such enquiries are handled by specifically designated members of senior management in lieu of a dedicated investor relations team. Resolutions put to the general meetings are separate unless they are interdependent and linked, and the reasons and material implications are explained.

The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote at general meetings in his/her stead. Shareholders who are "relevant intermediaries" (such as banks and capital markets services licence holders which provide custodial services for securities) are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. Shareholders also have the flexibility to appoint the chairman of the meeting as their proxy and specify the manner in which their votes are to be cast. Voting in absentia by mail, email or fax has not been implemented due to authentication of shareholder identity concerns and other related security issues, and pending legislative clarity to recognise absentee voting. For greater transparency in the voting process at its general meetings, the Company has implemented electronic poll voting. An independent scrutineer is appointed by the Company in respect of the general meeting to ensure satisfactory procedures of the voting process are in place and to supervise the count of the votes. Shareholders and proxies in attendance at the meeting are informed of the house rules and the voting process. The detailed results (ie., the number of votes cast for and against and the percentage) of the vote on every resolution polled are disclosed at the general meeting and are announced by the Company after the meeting in accordance with relevant requirements of the SGX-ST Listing Manual.

The Company prepares minutes of general meetings, which include relevant comments and queries from shareholders, and makes these minutes available to shareholders upon their request.

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any financial year. Rather, in fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt/equity position.

DISCLOSURE OF REMUNERATION

Directors' fees are paid to non-executive directors on a current year basis, subject to approval by shareholders at the AGM. Executive directors do not receive any directors' fees.

The fees proposed for payment to non-executive directors for FY2019 were determined based on the following formula, which is substantially similar as that applied in the previous year:

CORPORATE GOVERNANCE

	FY2019 FEE QUANTUM $
BOARD DIRECTORS	
Basic fee	30,000
Attendance fee for each Board Meeting	2,000
Attendance fee for each non-scheduled meeting	1,000
LEAD INDEPENDENT DIRECTOR	7,500
	10,000^
AUDIT COMMITTEE	
Chairman	40,000
Member	15,000
REMUNERATION COMMITTEE#	
Chairman	17,000
Member	5,000
NOMINATING COMMITTEE#	
Chairman	12,000
Member	5,000
NOMINATION AND REMUNERATION COMMITTEE#	
Chairman	30,000
Member	10,000

^ *With effect from 30 July 2018.*

\# *Amalgamation of the Nominating Committee and the Remuneration Committee into the Nomination and Remuneration Committee on 30 July 2018.*

CORPORATE GOVERNANCE

SUMMARY REMUNERATION TABLES – FY2019

(I) DIRECTORS

Name	Position	Salary* %	Bonus# %	Fees %	Other benefits %	Total %
$2,750,000 to below $3,000,000						
Dr Kenny Chan Swee Kheng	*Group Managing Director*	17%	81%	0%	2%	100%
Mr Michael Tay Wee Jin	*Group Managing Director*	17%	82%	0%	1%	100%
$1,500,000 to below $1,750,000						
Dr Henry Tay Yun Chwan	*Executive Chairman*	20%	73%	0%	7%	100%
Below $250,000						
Mr Philip Eng Heng Nee@	*Independent Director*	0%	0%	100%	0%	100%
Ms Saw Phaik Hwa@	*Independent Director*	0%	0%	100%	0%	100%
Mr Kuah Boon Wee	*Independent Director*	0%	0%	100%	0%	100%
Mr Pascal Guy Chung Wei Demierre	*Independent Director*	0%	0%	100%	0%	100%
Mr Liew Choon Wei	*Independent Director*	0%	0%	100%	0%	100%
Mr Jeffry Lee Yu Chern	*Independent Director*	0%	0%	100%	0%	100%

* *Salary includes employer's CPF contribution.*
\# *Accrued for FY2019.*
@ *Retired as a Director of the Company on 30 July 2018.*

(II) KEY MANAGEMENT OF THE GROUP *(AS AT 31 MARCH 2019)*

Name of Company	Name	Position
The Hour Glass Limited	Mr Ng Siak Yong	Chief Financial Officer
The Hour Glass Limited	Mr Ho Tun Min Norman	Group General Manager
The Hour Glass (HK) Limited	Mr Chung Wai Yang	Managing Director (Hong Kong)
The Hour Glass Japan Ltd	Mr Atsushi Momoi	Director & General Manager
The Hour Glass Sdn Bhd	Mr Teh Soon Kheng	General Manager
Glajz-THG Pte Ltd	Mr John Glajz	Managing Director

No. of key executives in remuneration bands	FY2019
Above $750,000 to below $1,000,000	1
$500,000 to below $750,000	3
Below $250,000	2

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DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN FY2019

Board composition and Committees	Note	Board	AC	RC^	NC^	NRC^
No. of meetings held		4	4	1	1	2
		No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Dr Henry Tay Yun Chwan		4	NA	NA	NA	NA
Dr Kenny Chan Swee Kheng	a)	4	NA	NA	0	NA
Mr Michael Tay Wee Jin		4	NA	NA	NA	NA
Mr Philip Eng Heng Nee	b)	1	1	1	NA	NA
Ms Saw Phaik Hwa	c)	1	1	NA	NA	NA
Mr Kuah Boon Wee	d)	4	4	1	1	2
Mr Pascal Guy Chung Wei Demierre	e)	2	1	1	1	NA
Mr Liew Choon Wei	f)	4	4	1	NA	2
Mr Jeffry Lee Yu Chern	g)	4	NA	NA	1	2

NA means not applicable.

^ *Amalgamation of the NC and the RC into the NRC with effect from the close of the Annual General Meeting on 30 July 2018.*

Note:
- a) *Ceased as member of the NC with effect from 30 July 2018.*
- b) *Retired as a Director of the Company, chairman of the AC and member of the RC with effect from the close of the Annual General Meeting on 30 July 2018.*
- c) *Retired as a Director of the Company and member of the AC with effect from the close of the Annual General Meeting on 30 July 2018.*
- d) *Appointed as chairman of the NRC with effect from 30 July 2018.*
- e) *Appointed as member of the AC and ceased as member of the NC with effect from 30 July 2018.*
- f) *Appointed as chairman of the AC and member of the NRC with effect from 30 July 2018.*
- g) *Appointed as member of the NRC with effect from 30 July 2018.*

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

ETHICAL STANDARDS AND BUSINESS CONDUCT

The Company has developed a code of ethics and business conduct to be observed by all employees of the Group. The code of conduct also deals with subjects such as confidential information and conflict of interest. The code, which is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, requires that all personnel act with utmost integrity, objectivity and in compliance with both the letter and spirit of the law as well as with company policies and procedures.

DEALING IN SECURITIES

The Company has adopted an internal policy with respect to dealings in securities modelled on the SGX-ST's best practices recommendations. Directors and staff are to refrain from dealing in the securities of the Company during the periods commencing two weeks before the release of the Company's results for each of the first three quarters of its financial year and one month before and up to the date of announcement of the Company's full year results. Staff are cautioned against dealing while in possession of material price sensitive non-public information. They are also encouraged not to deal on considerations of a short-term nature.

INTERESTED PERSON TRANSACTIONS

Transactions with the Company's interested persons (as that term is defined in the SGX-ST Listing Manual) are subject to review and approval by the Board comprising those directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interests of the Company and shareholders, before making its recommendation to the Board for endorsement. During the financial year, no transaction was conducted with any interested person which amounted to $100,000 or more in value and the Company did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS

No material contracts to which the Company or any related company is a party and which involve a Director's or controlling shareholder's interests subsisted at the end of FY2019, or have been entered into since the end of the previous financial year.

SUSTAINABILITY REPORTING

The inaugural Sustainability Report for the Group for the financial year ended 31 March 2018 was published on 29 March 2019. The Group views sustainability reporting as an opportunity to share its current practices as it seeks to embed sustainability into the Group's day-to-day operations. The Board strives to align the Group's strategic policies and practices with leading standards in the Environmental, Social and Governance (ESG) themes. More information on the material ESG matters are available in the Sustainability Report 2018. The Group will be issuing its Sustainability Report 2019 in the second quarter of 2019.

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DIRECTORS STANDING FOR RE-ELECTION

The information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST in respect of the respective Directors standing for re-election at the AGM is provided below:

(1) "Board of Directors" (on pages 5 to 6)
- Date of appointment
- Professional qualifications
- Working experience and occupation(s) during the past 10 years

(2) "Corporate Governance" (on page 18)
- Age
- Date of last re-appointment/re-election

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST:

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
Job Title (e.g., Lead ID, AC Chairman, AC Member etc.)	Refer to "Corporate Directory" on page 3.	Refer to "Corporate Directory" on page 3.	Refer to "Corporate Directory" on page 3.
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the re-election	Dr Tay's re-election was recommended by the NRC and approved by the Board. His leadership, extensive knowledge and experience are invaluable to the Board's oversight of strategic goals and the Group's business direction.	Dr Chan's re-election was recommended by the NRC and approved by the Board. His insights and extensive knowledge of the Group's operations contribute to the quality of Board deliberations.	Mr Kuah's re-election was recommended by the NRC and approved by the Board. His commercial and business acumen contributes positively to, and augments, the core competencies of the Board members.
Whether appointment is executive, and if so, the area of responsibility	Executive: Heads the senior management team and provides strategic direction to management of the Group.	Executive: Oversees the general management and operations of the Group.	Non-Executive
Shareholding interest in the listed issuer and its subsidiaries	Refer to "Directors' Statement" on page 39.	Refer to "Directors' Statement" on page 39.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dr Tay is a substantial shareholder of the Company. His son, Mr Michael Tay Wee Jin, is a Group Managing Director of the Company.	Dr Chan is the brother of Dato' Dr Jannie Chan Siew Lee, a deemed substantial shareholder of the Company. He is also the uncle of Mr Michael Tay Wee Jin, a Group Managing Director of the Company.	Nil

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST (cont'd):

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other principal commitments including directorships			
Present	Honorary President, Hong Kong - Singapore Business Association	Council Member, Singapore Retailers Association	CEO and Director, MTQ Corporation Limited Director, UOB-Kay Hian Holdings Limited Vice President, Singapore Chinese Chamber of Commerce and Industry Chairman, NTUC Learning Hub
Past (for the last 5 years)	Independent Director and Chairman of the Audit Committee, UOB-Kay Hian Holdings Limited	Nil	Nil
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST (cont'd):

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST (cont'd):

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST (cont'd):

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

(3) Other information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST (cont'd):

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Kuah Boon Wee
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes*	No	No

* The World Health Organization had declared in 1979 that smallpox was eradicated. Prevailing relevant legislation in Singapore had yet to be updated for the foregoing and still required doctors to certify patients who had received smallpox vaccinations. In 1981, Dr Tay was practising as a medical doctor with three other partners in a practice and were suspended from medical practice for a period of three months by the Singapore Medical Council for having certified patients as having been vaccinated for smallpox when they had not been. Dr Tay was a medical practitioner for nine years before joining The Hour Glass in 1981 and save for the foregoing, he was not for the duration of his medical practice the subject of any investigation, disciplinary proceeding, reprimand or warning by the Singapore Medical Council.

Financial Statements

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of The Hour Glass Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(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.

Directors

The directors in office at the date of this statement are:

Dr Henry Tay Yun Chwan
Dr Kenny Chan Swee Kheng
Mr Michael Tay Wee Jin
Mr Kuah Boon Wee
Mr Pascal Guy Chung Wei Demierre
Mr Liew Choon Wei
Mr Jeffry Lee Yu Chern

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Ordinary shares of the Company				
Henry Tay Yun Chwan	56,687,668	79,662,368	378,172,869	378,172,869
Kenny Chan Swee Kheng	2,725,497	2,725,497	448,878	448,878
Michael Tay Wee Jin	1,804,098	1,804,098	–	–

As at 21 April 2019, Dr Henry Tay Yun Chwan's direct and deemed shareholding interests in the Company were 89,883,368 shares and 378,172,869 shares respectively.

Except as disclosed above, there was no other change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

Directors' interests in shares and debentures (cont'd)

By virtue of Section 4 of the Singapore Securities and Futures Act, Chapter 289, Dr Henry Tay Yun Chwan is deemed to have interests in the shares of the subsidiaries held by the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

(i) No options to take up unissued shares in the Company or its subsidiaries have been granted during the financial year.

(ii) No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

(iii) As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee at the date of this statement are:

Mr Liew Choon Wei (Chairman)
Mr Kuah Boon Wee
Mr Pascal Guy Chung Wei Demierre

The Audit Committee held four meetings during the financial year. The Audit Committee has full access to and co-operation from management. The external and internal auditors have unrestricted access to the Audit Committee. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, and reviewed the following, where relevant, with the executive directors and the internal and external auditors:

(a) the evaluation of the Group's system of internal accounting controls;

(b) the Group's financial and operating results;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;

(d) the audit plan of the external auditor, including the nature and scope of the audit before the audit commenced;

(e) the audit report submitted by the external auditor;

(f) the scope and results of internal audit procedures;

(g) the co-operation given by management to the external and internal auditors;

(h) the independence and objectivity of the external auditor; and

(i) the nature and extent of non-audit services provided by the external auditor.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee has recommended to the Board of Directors the reappointment of Ernst & Young LLP, Chartered Accountants, as the external auditor of the Company at the forthcoming Annual General Meeting.

Further details regarding the Audit Committee are disclosed in the report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Henry Tay Yun Chwan
Executive Chairman

Kenny Chan Swee Kheng
Group Managing Director

Singapore
31 May 2019

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of The Hour Glass Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

Key Audit Matters (cont'd)

Areas of focus	How our audit addressed the risk factors
Allowance for inventories	
The Group's inventories amounted to $286,356,000 as at 31 March 2019. The Group carries a range of luxury timepieces, jewellery and other luxury products as merchandise for resale. The Group records its inventories at the lower of cost and net realisable value. The determination of net realisable value is subject to significant estimation uncertainty, in particular due to the fact that the saleability of luxury timepieces and jewellery is dependent on changing consumer demand and fashion trends. There is significant management judgement in setting expectations about future sales of slow moving inventory items. Accordingly, we have identified this as a key audit matter. Refer to Note 2.15 (accounting policy) and Note 21 (financial statement's disclosures).	• We reviewed management's basis for determining inventory allowances and consistency with Group policy. • We assessed the appropriateness of inventory allowances by considering the historical accuracy of allowances by reference to the ageing profile of inventories, the basis of setting aside specific allowances for certain slow-moving inventories and the historical utilisation rates of such allowances. • We assessed the adequacy of inventory allowances by reviewing on a sample basis that inventory items are categorised appropriately in the relevant ageing bracket and assessing the reasonableness of allowance percentages applied. • We considered the appropriateness of management's expectations about future sales by reviewing gross margins, historical markdowns of inventory values and historical sales pattern and future sales expectations.
Valuation of investment properties	
The Group's investment properties amounted to $55,665,000 as at 31 March 2019. The Group measures its investment properties at fair value through profit or loss where significant judgement and estimation is required to determine the appropriate valuation method as well as the underlying valuation assumptions. Accordingly, we have identified this as a key audit matter. The Group uses independent professionally qualified external valuers to determine the fair value of investment properties and adjusted for factors such as differences in location, age, tenure, floor area, physical condition and date of transactions. Refer to Note 2.8 (accounting policy) and Note 13 (financial statement's disclosures).	• We assessed management's process for reviewing and assessing the work of the external valuers. • We considered the objectivity, independence and competency of the external valuers. • We read the external valuation reports and inquired with the external valuers and obtained explanations to support the selection of valuation method as well as the key assumptions used to establish the valuation. • We assessed the appropriateness of the valuation method used and the reasonableness of the underlying valuation assumptions by making comparison with external market data. • We evaluated the reasonableness of assumptions and tested a sample of properties through benchmarking of yields, understanding the valuation methodology and testing the integrity of a sample of the information provided to the external valuer by agreeing the information to underlying lease agreements. • We reviewed the adequacy of financial statement disclosures.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

Other Information

Management is responsible for the other information. The other information comprise the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Terry Wee Hiang Bing.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
31 May 2019

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Revenue	4	720,925	691,645
Other income	5	6,390	3,229
Total revenue and other income		727,315	694,874
Cost of goods sold		526,404	524,590
Salaries and employees benefits		48,140	42,811
Depreciation of property, plant and equipment	12	6,052	7,173
Selling and promotion expenses		19,062	14,548
Rental expenses		31,134	29,900
Finance costs	6	927	1,267
Foreign exchange loss		754	195
Other operating expenses	7	11,527	12,496
Total costs and expenses		(644,000)	(632,980)
Share of results of associates		6,734	2,865
Profit before taxation	8	90,049	64,759
Taxation	9	(18,645)	(14,034)
Profit for the year		71,404	50,725
Profit attributable to:			
Owners of the Company		70,431	49,817
Non-controlling interests		973	908
		71,404	50,725
Earnings per share (cents)			
Basic and diluted	11	9.99	7.07

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
Profit for the year	71,404	50,725
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(2,877)	(7,826)
Other comprehensive loss for the year, net of tax	(2,877)	(7,826)
Total comprehensive income for the year	68,527	42,899
Total comprehensive income attributable to:		
Owners of the Company	67,204	42,763
Non-controlling interests	1,323	136
	68,527	42,899

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Group 31 March 2019 $'000	Group 31 March 2018 $'000	Group 1 April 2017 $'000	Company 31 March 2019 $'000	Company 31 March 2018 $'000	Company 1 April 2017 $'000
Assets							
Non-current assets							
Property, plant and equipment	12	55,546	34,066	37,109	9,949	8,933	12,212
Investment properties	13	55,665	67,202	71,825	11,207	11,181	12,137
Intangible assets	14	5,258	5,216	4,446	1,070	936	75
Investment in subsidiaries	15	–	–	–	52,074	52,074	52,074
Investment in associates	16	33,494	28,744	24,753	68	68	–
Loan to a subsidiary	17	–	–	–	–	–	809
Loan to an associate	18	5,388	–	2,224	5,388	–	–
Other receivables	19	8,287	6,878	7,341	3,967	3,566	3,535
Deferred tax assets	20	377	441	582	106	211	469
		164,015	142,547	148,280	83,829	76,969	81,311
Current assets							
Inventories	21	286,356	282,479	307,354	172,214	164,196	176,878
Trade and other receivables	19	16,818	16,839	17,704	7,414	6,707	5,779
Prepaid operating expenses		914	968	747	298	469	275
Amounts due from associates	22	70	2,751	70	10	2,720	–
Amounts due from subsidiaries	23	–	–	–	6,541	5,610	7,247
Cash and cash equivalents	24	180,971	180,496	124,849	82,811	76,120	52,626
		485,129	483,533	450,724	269,288	255,822	242,805
Total assets		649,144	626,080	599,004	353,117	332,791	324,116
Equity and liabilities							
Current liabilities							
Loans and borrowings	25	14,972	49,655	51,160	–	26,000	26,000
Trade and other payables	26	46,346	45,651	46,534	22,788	22,716	19,640
Amounts due to subsidiaries	23	–	–	–	5,062	5,327	6,012
Provision for taxation		11,584	8,049	6,726	5,624	4,603	4,210
		72,902	103,355	104,420	33,474	58,646	55,862
Net current assets		412,227	380,178	346,304	235,814	197,176	186,943
Non-current liabilities							
Provisions		269	241	229	–	–	–
Deferred tax liabilities	20	1,326	1,413	1,386	–	–	–
Other non-current liabilities		1,623	1,474	1,171	1,623	1,474	1,171
		3,218	3,128	2,786	1,623	1,474	1,171
Total liabilities		76,120	106,483	107,206	35,097	60,120	57,033
Net assets		573,024	519,597	491,798	318,020	272,671	267,083
Equity attributable to owners of the Company							
Share capital	27	67,638	67,638	67,638	67,638	67,638	67,638
Reserves	28	492,606	439,502	410,839	250,382	205,033	199,445
		560,244	507,140	478,477	318,020	272,671	267,083
Non-controlling interests		12,780	12,457	13,321	–	–	–
Total equity		573,024	519,597	491,798	318,020	272,671	267,083
Total equity and liabilities		649,144	626,080	599,004	353,117	332,791	324,116

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Attributable to owners of the Company							
	Share capital $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Asset revaluation reserve $'000	Revenue reserve $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 April 2017								
- As previously reported	67,638	(9,865)	(142)	3,372	417,474	478,477	13,321	491,798
- Effects of adopting SFRS(I) 1	–	9,865	–	–	(9,865)	–	–	–
Restated opening balance	67,638	–	(142)	3,372	407,609	478,477	13,321	491,798
Profit for the year	–	–	–	–	49,817	49,817	908	50,725
Other comprehensive loss	–	(7,054)	–	–	–	(7,054)	(772)	(7,826)
Total comprehensive (loss)/income for the year	–	(7,054)	–	–	49,817	42,763	136	42,899
Contributions by and distributions to owners								
Dividends on ordinary shares (Note 10)	–	–	–	–	(14,100)	(14,100)	–	(14,100)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(1,000)	(1,000)
Total transactions with owners in their capacity as owners	–	–	–	–	(14,100)	(14,100)	(1,000)	(15,100)
Balance at 31 March 2018	67,638	(7,054)	(142)	3,372	443,326	507,140	12,457	519,597

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Attributable to owners of the Company							
	Share capital $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Asset revaluation reserve $'000	Revenue reserve $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group (cont'd)								
Balance at 1 April 2018								
- As previously reported	67,638	(16,919)	(142)	3,372	453,191	507,140	12,457	519,597
- Effects of adopting SFRS(I) 1	–	9,865	–	–	(9,865)	–	–	–
Restated opening balance	67,638	(7,054)	(142)	3,372	443,326	507,140	12,457	519,597
Profit for the year	–	–	–	–	70,431	70,431	973	71,404
Other comprehensive (loss)/income	–	(3,227)	–	–	–	(3,227)	350	(2,877)
Total comprehensive (loss)/income for the year	–	(3,227)	–	–	70,431	67,204	1,323	68,527
Contributions by and distributions to owners								
Dividends on ordinary shares (Note 10)	–	–	–	–	(14,100)	(14,100)	–	(14,100)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(1,000)	(1,000)
Total transactions with owners in their capacity as owners	–	–	–	–	(14,100)	(14,100)	(1,000)	(15,100)
Balance at 31 March 2019	67,638	(10,281)	(142)	3,372	499,657	560,244	12,780	573,024

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital $'000	Revenue reserve $'000	Total equity $'000
Company			
Balance at 1 April 2017	67,638	199,445	267,083
Profit for the year, representing total comprehensive income for the year	–	19,688	19,688
Contributions by and distributions to owners			
Dividends on ordinary shares (Note 10)	–	(14,100)	(14,100)
Total transactions with owners	–	(14,100)	(14,100)
Balance at 31 March 2018 and 1 April 2018	67,638	205,033	272,671
Profit for the year, representing total comprehensive income for the year	–	59,449	59,449
Contributions by and distributions to owners			
Dividends on ordinary shares (Note 10)	–	(14,100)	(14,100)
Total transactions with owners	–	(14,100)	(14,100)
Balance at 31 March 2019	67,638	250,382	318,020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Profit before taxation		90,049	64,759
Adjustments for:			
Finance costs		927	1,267
Interest income		(1,876)	(977)
Depreciation of property, plant and equipment		6,052	7,173
Amortisation of intangible assets		596	317
Foreign currency translation adjustment		(394)	(80)
Net (gain)/loss on disposal of property, plant and equipment		(248)	151
Fair value (gain)/loss on investment properties		(822)	1,102
Share of results of associates		(6,734)	(2,865)
Operating cash flows before changes in working capital		87,550	70,847
(Increase)/decrease in inventories		(4,730)	22,045
(Increase)/decrease in receivables		(1,295)	446
Decrease/(increase) in prepaid operating expenses		41	(244)
Increase in amount due from associates		(2,707)	(366)
Increase in payables		1,168	369
Cash flows from operations		80,027	93,097
Income taxes paid		(14,931)	(12,158)
Interest paid		(927)	(1,267)
Interest received		1,876	977
Net cash flows from operating activities		66,045	80,649
Investing activities			
Investment in an associate		–	(68)
Additions to intangible assets		(638)	(687)
Proceeds from disposal of property, plant and equipment		290	1
Purchase of property, plant and equipment		(18,476)	(5,781)
Dividend received from an associate		2,227	–
Net cash flows used in investing activities		(16,597)	(6,535)
Financing activities			
Proceeds from loans and borrowings		23,705	47,907
Repayment of loans and borrowings		(57,282)	(47,907)
Dividends paid to non-controlling interests		(1,000)	(1,000)
Dividends paid on ordinary shares		(14,100)	(14,100)
Net cash flows used in financing activities		(48,677)	(15,100)
Net increase in cash and cash equivalents		771	59,014
Effect of exchange rate changes on cash and cash equivalents		(296)	(3,367)
Cash and cash equivalents at 1 April		180,496	124,849
Cash and cash equivalents at 31 March	24	180,971	180,496

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019

1. Corporate information

The Hour Glass Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 302 Orchard Road, #11-01 Tong Building, Singapore 238862.

The principal activities of the Company and its subsidiaries (collectively, the "Group") are those of investment holding companies, retailing and distribution of watches, jewellery and other luxury products, and investment in properties.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 April 2018 are disclosed below.

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I).

On transition of SFRS(I), the Group has deemed cumulative currency translation differences for all foreign operations to be zero at the date of transition on 1 April 2017. As a result, an amount of $9,865,000 was adjusted against the opening retained earnings as at 1 April 2017.

New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemption applied as described above, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to References to the Conceptual Framework in SFRS(I)	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on the statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information and expects the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") and gearing ratio. The assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2020.

2.4 Foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit and loss are translated at the average rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by SFRS(I)s.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Premises held on 999-year lease are regarded as equivalent to freehold and are included within freehold premises under property, plant and equipment.

Freehold land has an unlimited useful life and therefore is not depreciated.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property that will be carried at fair value, the entity shall treat any difference at that date between the carrying amount of the property in accordance with SFRS(I) 1-16 and its fair value in the same way as a revaluation in accordance with SFRS(I) 1-16.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets of the Group comprised:

(a) Brand

The brand was acquired in a business combination. The useful life of the brand is estimated to be 50 years.

(b) Franchise fees

Franchise fees paid are amortised over the estimated useful lives of 5 years based on the expected pattern of consumption of future economic benefits.

(c) Software

Software comprises computer software purchased from third parties and related development expenditure with future economic benefits. Software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 3 years. Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at each financial year ended and adjusted if appropriate.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

2. Summary of significant accounting policies (cont'd)

2.11 Associates (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Debt instruments comprise of cash and cash equivalents, loan to a subsidiary and an associate, trade and other receivables, including amounts due from subsidiaries and associates.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit and loss.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Inventories

Inventories are stated at the lower of cost (specific identification method) and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as purchase costs.

Where necessary, allowance is provided for obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

(c) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflow.

2. Summary of significant accounting policies (cont'd)

2.20 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from the sale of goods is recognised at a point in time when control of the goods is transferred to the customer, which generally coincides with the delivery and acceptance of goods sold.

(b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised over time using the effective interest method.

(d) Dividend income

Dividend income is recognised at a point in time when the Group's right to receive payment is established.

(e) Management fee income

Management fee income is recognised over time when the services are rendered.

2. *Summary of significant accounting policies (cont'd)*

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statement of financial position of the Group.

3 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3 *Significant accounting judgements and estimates* (cont'd)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

The Group's and the Company's income tax, deferred tax assets and liabilities are as follows:

	Group			Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	377	441	582	106	211	469
Provision for taxation	11,584	8,049	6,726	5,624	4,603	4,210
Deferred tax liabilities	1,326	1,413	1,386	–	–	–

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Allowance for inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying values of the aged inventory items with the respective net realisable values. The purpose is to ascertain whether any allowance is required to be made in the financial statements for slow-moving items. Management is satisfied that adequate allowance for inventories has been made in the financial statements. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 21 to the financial statements.

(b) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value of its investment properties as at the end of the reporting period. The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the capitalisation and direct comparison methods. The determination of the fair value of the investment properties require the use of estimates such as future cash flows from assets (such as letting, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date. The key assumptions used to determine the fair value of the investment properties are further explained in Note 13.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 10 years, except for freehold and leasehold premises which are depreciated over 50 years. The carrying amount of the Group's property, plant and equipment at 31 March 2019 was $55,546,000 (31 March 2018: $34,066,000, 1 April 2017: $37,109,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Revenue

Revenue represents sale of goods after deducting allowances for goods returned and trade discounts.

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers through the transfer of goods at a point in time.

The Group has determined that disaggregation of revenue using existing segments and geographical markets meet the disclosure objective in SFRS(I) 15.114. Information regarding operating segments is disclosed in Note 32.

(b) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as below:

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000
Deposits from customers (Note 26)	11,566	12,804	8,724

Contract liabilities relate to the Group's obligation to transfer goods or services to customers for which the Group has received deposits from customers for sale of watches, jewellery and other luxury products.

Significant changes in contract liabilities are highlighted as follows:

	Group	
	2019	**2018**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	10,207	6,902

5. Other income

	Group 2019 $'000	Group 2018 $'000
Rental income	1,834	1,724
Interest income from:		
- Loan to an associate	–	137
- Cash at banks and short-term deposits	1,876	840
Net gain on disposal of property, plant and equipment	248	–
Management fee from associates	1,053	771
Fair value gain/(loss) on investment properties	822	(1,102)
Others	557	859
	6,390	3,229

6. Finance costs

	Group 2019 $'000	Group 2018 $'000
Interest on bank loans	925	1,264
Interest on bank overdrafts	2	3
	927	1,267

7. Other operating expenses

	Group 2019 $'000	Group 2018 $'000
Net loss on disposal of property, plant and equipment	–	151
Facilities cost	4,099	4,159
Professional fees	1,994	2,059
General and administrative expenses	5,434	6,127
	11,527	12,496

8. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Note	Group 2019 $'000	Group 2018 $'000
Salaries and employees benefits (including executive directors):			
- salaries, bonuses and other costs		44,321	39,324
- defined contribution plans		3,819	3,487
Directors' fees		380	430
Audit fees:			
- auditor of the Company		244	225
- other auditors		208	195
Non-audit fees:			
- auditor of the Company		63	85
- other auditors		76	77
Write back of allowance for doubtful debts	19	(9)	–

9. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

	Group 2019 $'000	Group 2018 $'000
Consolidated income statement:		
Current income tax		
- Current income taxation	18,829	14,546
- Overprovision in respect of previous years	(197)	(731)
	18,632	13,815
Deferred income tax		
- Origination and reversal of temporary differences (Note 20)	13	219
Income tax expense recognised in profit or loss	18,645	14,034

9. Taxation (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 are as follow:

	Group	
	2019	**2018**
	$'000	$'000
Profit before taxation	90,049	64,759
Less: share of results of associates	(6,734)	(2,865)
	83,315	61,894
Tax calculated using Singapore corporate tax rate of 17% (2018: 17%)	14,164	10,522
Adjustments:		
Non-deductible expenses	675	1,688
Effect of different tax rates in other countries	4,096	2,875
Effect of partial tax exemption and tax relief	(69)	(155)
Overprovision in respect of previous years	(197)	(731)
Others	(24)	(165)
Taxation for the year	18,645	14,034

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 March 2019, there are no unabsorbed tax losses (31 March 2018: $500,000; 1 April 2017: $1,704,000) that are available for offset against future taxable profits of a certain subsidiary in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The tax losses do not have an expiry date. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the subsidiary operates.

10. Dividends

	Group and Company	
	2019	**2018**
	$'000	$'000
Declared and paid during the financial year		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend in respect of the year ended 31 March 2018: 2.00 cents (31 March 2017: 2.00 cents)	14,100	14,100
Proposed but not recognised as a liability at 31 March		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt (one-tier) dividend in respect of the year ended 31 March 2019: 3:00 cents (31 March 2018: 2.00 cents)	21,150	14,100

11. Earnings per share

The following table reflects the profit for the year and share data used in the computation of earnings per share for the years ended 31 March:

	Group	
	2019	**2018**
	$'000	$'000
Profit for the year attributable to owners of the Company	70,431	49,817
	'000	'000
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	705,012	705,012

12. Property, plant and equipment

	Freehold premises $'000	Leasehold premises $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
At 1 April 2017	20,957	7,156	44,908	1,979	75,000
Additions	–	–	5,781	–	5,781
Transferred to intangible assets (Note 14)	–	–	(400)	–	(400)
Reclassification	768	–	(768)	–	–
Disposals/write-offs	–	–	(2,270)	–	(2,270)
Foreign currency translation adjustment	(688)	(390)	(319)	(16)	(1,413)
At 31 March 2018 and 1 April 2018	21,037	6,766	46,932	1,963	76,698
Additions	13,590	–	4,097	789	18,476
Transferred from investment properties (Note 13)	9,749	–	–	–	9,749
Disposals/write-offs	–	–	(3,317)	(838)	(4,155)
Foreign currency translation adjustment	(590)	137	(573)	8	(1,018)
At 31 March 2019	43,786	6,903	47,139	1,922	99,750
Accumulated depreciation:					
At 1 April 2017	5,837	709	30,049	1,296	37,891
Depreciation charge for the year	433	164	6,299	277	7,173
Disposals/write-offs	–	–	(2,118)	–	(2,118)
Foreign currency translation adjustment	(134)	(37)	(127)	(16)	(314)
At 31 March 2018 and 1 April 2018	6,136	836	34,103	1,557	42,632
Depreciation charge for the year	402	163	5,213	274	6,052
Disposals/write-offs	–	–	(3,275)	(838)	(4,113)
Foreign currency translation adjustment	(115)	13	(273)	8	(367)
At 31 March 2019	6,423	1,012	35,768	1,001	44,204
Net carrying value:					
At 31 March 2019	37,363	5,891	11,371	921	55,546
At 31 March 2018	14,901	5,930	12,829	406	34,066
At 1 April 2017	15,120	6,447	14,859	683	37,109

12. Property, plant and equipment (cont'd)

(a) Freehold premises (at cost)

	Group 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore			
638 square metres office unit at 302 Orchard Road, Tong Building	7,664	7,664	7,664
Australia			
439 square metres shop unit at 70 Castlereagh Street, Sydney	9,494	9,962	9,778
294 square metres office unit at 70 Castlereagh Street, Sydney	1,682	1,764	1,877
1,345 square metres shop and office unit at 252 Collins Street, Melbourne *	24,082	780	829
Malaysia			
281 square metres office unit at Wisma UOA II, 21 Jalan Pinang, Kuala Lumpur	864	867	809
	43,786	21,037	20,957

During the financial year ended 31 March 2018, the charge on a subsidiary's freehold premises with net carrying value approximately $8,248,000 as at 1 April 2017 to secure bank borrowings of that subsidiary was released.

*During the financial year, the Group reclassified 1,027 square metres from investment property due to the change of intended use of the building, which is under development (Note 13).

(b) Leasehold premises (at cost)

	Group 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore			
564 square metres warehouse unit at Eunos Warehouse Complex at Kaki Bukit Road 2	1,677	1,677	1,677
Hong Kong			
202 square metres office unit at Starhouse, No. 3 Salisbury Road, Kowloon	5,226	5,089	5,479
	6,903	6,766	7,156

12. Property, plant and equipment (cont'd)

(c) Assets under construction (at cost)

The Group's property, plant and equipment included the following amounts which relates to expenditure in relation to renovation activities carried out in a subsidiary's property:

	Group 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Freehold premises	23,339	–	–
Furniture and equipment	1,841	1,932	2,492
	25,180	1,932	2,492

	Freehold premises $'000	Leasehold premises $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 April 2017	7,664	1,677	25,731	1,605	36,677
Additions	–	–	524	–	524
Transferred to intangible assets (Note 14)	–	–	(400)	–	(400)
Disposals/write-offs	–	–	(1,082)	–	(1,082)
At 31 March 2018 and 1 April 2018	7,664	1,677	24,773	1,605	35,719
Additions	–	–	3,453	445	3,898
Disposals/write-offs	–	–	(3,290)	(472)	(3,762)
At 31 March 2019	7,664	1,677	24,936	1,578	35,855
Accumulated depreciation:					
At 1 April 2017	3,626	261	19,644	934	24,465
Depreciation charge for the year	153	58	2,902	267	3,380
Disposals/write-offs	–	–	(1,059)	–	(1,059)
At 31 March 2018 and 1 April 2018	3,779	319	21,487	1,201	26,786
Depreciation charge for the year	153	58	2,415	216	2,842
Disposals/write-offs	–	–	(3,250)	(472)	(3,722)
At 31 March 2019	3,932	377	20,652	945	25,906
Net carrying value:					
At 31 March 2019	3,732	1,300	4,284	633	9,949
At 31 March 2018	3,885	1,358	3,286	404	8,933
At 1 April 2017	4,038	1,416	6,087	671	12,212

13. Investment properties

Statements of financial position

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 April	67,202	71,825	11,181	12,137
Gain/(loss) from fair value adjustments recognised in income statement	822	(1,102)	26	(956)
Transferred to property, plant and equipment (Note 12)	(9,749)	–	–	–
Foreign currency translation adjustment	(2,610)	(3,521)	–	–
At 31 March	55,665	67,202	11,207	11,181

Income statement

	Group	
	2019	2018
	$'000	$'000
Rental income from investment properties	1,834	1,724
Direct operating expenses arising from investment properties that generated rental income	528	745

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements other than capital expenditure approved and contracted for renovation of one of the investment properties disclosed within Note 30(a).

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on latest valuations performed near to the end of reporting period. The valuations are performed by accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation techniques and inputs used are disclosed in Note 34.

13. Investment properties (cont'd)

Transfer to property, plant and equipment

During the financial year, the Group reclassified 1,027 square metres from investment property due to the change of intended use of the building, which is under development (Note 12).

The investment properties held by the Group as at 31 March 2019 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
42 square metres unit at Centrepoint situated at 176 Orchard Road, Singapore	Shop	Leasehold	59 years
114 square metres unit at Peninsula Plaza situated at 111 North Bridge Road, Singapore	Shop	Leasehold	809 years
612 square metres unit at Eunos Warehouse Complex at Kaki Bukit Road 2, Singapore	Warehouse	Leasehold	22 years
95 square metres unit at 70 Castlereagh Street, Sydney, Australia	Office	Freehold	N/A
1,027 square metres unit at 192 Pitt Street, Sydney, Australia	Shop and office	Freehold	N/A
752 square metres unit at 201 Elizabeth Street, Brisbane, Australia	Shop and office	Freehold	N/A
116 square metres office unit at Wisma UOA II, 21 Jalan Pinang, Kuala Lumpur, Malaysia	Office	Freehold	N/A

A subsidiary's investment properties with carrying value of $43,027,000 (31 March 2018: $44,491,000; 1 April 2017: $47,644,000) are charged to secure the bank borrowings of that subsidiary (Note 25).

14. Intangible assets

	Brand $'000	Franchise fees $'000	Software $'000	Total $000
Group				
Cost:				
At 1 April 2017	4,594	399	–	4,993
Additions	–	–	687	687
Transferred from property, plant and equipment (Note 12)	–	–	400	400
Disposals	–	(399)	–	(399)
At 31 March 2018 and 1 April 2018	4,594	–	1,087	5,681
Additions	–	–	638	638
At 31 March 2019	4,594	–	1,725	6,319
Accumulated amortisation:				
At 1 April 2017	223	324	–	547
Amortisation charge for the year	91	75	151	317
Disposals	–	(399)	–	(399)
At 31 March 2018 and 1 April 2018	314	–	151	465
Amortisation charge for the year	92	–	504	596
At 31 March 2019	406	–	655	1,061
Net carrying value:				
At 31 March 2019	4,188	–	1,070	5,258
At 31 March 2018	4,280	–	936	5,216
At 1 April 2017	4,371	75	–	4,446

As at 31 March 2019, the brand and software have average remaining amortisation periods of 45 and 2 (31 March 2018: 46 and 2, 1 April 2017: 47 and Nil) years respectively.

14. Intangible assets (cont'd)

	Franchise fees $'000	Software $'000	Total $000
Company			
Cost:			
At 1 April 2017	399	–	399
Additions	–	687	687
Transferred from property, plant and equipment (Note 12)	–	400	400
Disposals	(399)	–	(399)
At 31 March 2018 and 1 April 2018	–	1,087	1,087
Additions	–	638	638
At 31 March 2019	–	1,725	1,725
Accumulated amortisation:			
At 1 April 2017	324	–	324
Amortisation charge for the year	75	151	226
Disposals	(399)	–	(399)
At 31 March 2018 and 1 April 2018	–	151	151
Amortisation charge for the year	–	504	504
At 31 March 2019	–	655	655
Net carrying value:			
At 31 March 2019	–	1,070	1,070
At 31 March 2018	–	936	936
At 1 April 2017	75	–	75

15. Investment in subsidiaries

	Company		
	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000
Shares, at cost	52,074	52,074	52,074

Details of the subsidiaries as at 31 March are:

Name of company/ principal activities	Country of incorporation	Percentage of equity held by the Group			Cost of investments		
		31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
		%	%	%	$'000	$'000	$'000
Held by the Company							
Retailing and distribution of watches, jewellery and related products							
① Dynasty Watch Pte Ltd	Singapore	100	100	100	500	500	500
① Glajz-THG Pte Ltd	Singapore	60	60	60	990	990	990
② The Hour Glass Sdn Bhd	Malaysia	100	100	100	2,045	2,045	2,045
② The Hour Glass (HK) Limited	Hong Kong	100	100	100	10,261	10,261	10,261
② The Hour Glass (Australia) Pty Ltd	Australia	100	100	100	21,308	21,308	21,308
③ The Hour Glass Japan Ltd	Japan	100	100	100	3,630	3,630	3,630
① Watches of Switzerland Pte Ltd	Singapore	100	100	100	13,338	13,338	13,338
Investment holding							
② ④ The Hour Glass Holding (Thailand) Co., Ltd	Thailand	49	49	49	2	2	2
					52,074	52,074	52,074
Held through subsidiaries							
Retailing and distribution of watches, jewellery and related products							
② THG (HK) Limited	Hong Kong	100	100	100			
② ④ The Hour Glass (Thailand) Co., Ltd	Thailand	49	49	49			
② Watches of Switzerland (2014) Sdn Bhd	Malaysia	100	100	100			

① Audited by Ernst & Young LLP, Singapore.

② Audited by member firms of Ernst & Young Global in the respective countries.

③ Not required to be audited under the laws of its country of incorporation.

④ The Group holds a 98.97% controlling interest in the subsidiary through its voting rights.

15. Investment in subsidiaries (cont'd)

The Group has the following subsidiary that has non-controlling interests ("NCI") that is material to the Group:

	Glajz-THG Pte Ltd		
	31 March 2019	31 March 2018	1 April 2017
	%	%	%
Proportion of ownership interest held by NCI	40	40	40

	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000
Profit after tax allocated to NCI	907	874	906
Accumulated NCI at the end of the reporting period	12,381	12,126	13,036
Dividends paid to NCI	1,000	1,000	346

Summarised financial information about subsidiary with material NCI

	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000
Statement of financial position			
Non-current assets	296	108	241
Current assets	36,067	33,647	37,141
Current liabilities	(5,411)	(3,439)	(4,792)
Net assets	30,952	30,316	32,590

	2019	2018
	$'000	$'000
Statement of comprehensive income		
Revenue	40,385	34,278
Profit for the year, representing total comprehensive income for the year	2,267	2,186
Other summarised information		
Net cash flows from operations	330	791

16. Investment in associates

The Group's material investments in associates are summarised below:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
THG Prima Times Co., Ltd and subsidiaries	32,765	28,682	24,753	–	–	–
Other associates	729	62	–	68	68	–
	33,494	28,744	24,753	68	68	–

Name of company/ Principal activities	Country of incorporation	Proportion (%) of ownership interest 31 March 2019 %	31 March 2018 %	1 April 2017 %
Held by the Company				
① THG S&S Company Limited Retailing and distribution of watches and related products	Vietnam	50	50	–
Held through subsidiary				
② THG Prima Times Co., Ltd Retailing and distribution of watches and other luxury products	Thailand	50	50	50
Held through associates				
② Royal Paragon Watch Limited Retailing and distribution of watches and related products	Thailand	60*	60*	60*
② Siam Dynasty Limited Retailing and distribution of watches and leasing of building, furniture, equipment and properties	Thailand	100#	100#	–
① S&S – Indochine Company Limited Retailing and distribution of watches and related products	Vietnam	100#	100#	–

① Audited by PwC(Vietnam) Limited, Vietnam.

② Audited by PricewaterhouseCoopers ABAS Ltd, Thailand.

* The effective percentage of equity held by the Group is 30%.

The effective percentage of equity held by the Group is 50%.

During the financial year ended 31 March 2019, dividends of $2,227,000 (2018: $Nil) were received from THG Prima Times Co., Ltd. The associate is restricted by regulatory requirements in paying dividends which require appropriation as legal reserve of at least 5% of profits derived at each dividend distribution until the reserve reaches 10% of the authorised share capital.

16. Investment in associates (cont'd)

The summarised financial information of the associates material to the Group, based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	THG Prima Times Co., Ltd and subsidiaries		
	31 March 2019 $'000	**31 March 2018** $'000	**1 April 2017** $'000
Statement of financial position			
Current assets	75,188	67,113	68,280
Non-current assets	8,878	8,179	9,698
Total assets	84,066	75,292	77,978
Current liabilities	9,851	8,112	14,572
Non-current liabilities	236	234	4,639
Total liabilities	10,087	8,346	19,211
Net assets	73,979	66,946	58,767
Less: NCI of an associate	(8,449)	(9,582)	(9,261)
	65,530	57,364	49,506
Proportion of the Group's ownership	50%	50%	50%
Group's share of net assets/carrying amount of the investment	32,765	28,682	24,753

	2019 $'000	**2018** $'000
Statement of comprehensive income		
Revenue	138,142	127,840
Profit for the year, representing total comprehensive income for the year	11,933	6,779

Information about the Group's investments in associates that are not individually material are as follows:

	2019 $'000	**2018** $'000
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	1,335	(13)

17. Loan to a subsidiary

As at 1 April 2017, loan to a subsidiary of $809,000 was unsecured. The loan was interest bearing from 2.46% to 2.50% per annum and was fully repaid during the financial year ended 31 March 2018.

18. Loan to an associate

As at 1 April 2017, loan to an associate was unsecured. Interest was chargeable at Thailand's minimum lending rate of 6.25% per annum. The loan was fully repaid during the financial year ended 31 March 2018.

As at 31 March 2019, loan to an associate relates to a non-interest bearing loan that is denominated in United States Dollar and due on 10 May 2067.

19. Trade and other receivables

	Note	Group 31 March 2019 $'000	 31 March 2018 $'000	 1 April 2017 $'000	Company 31 March 2019 $'000	 31 March 2018 $'000	 1 April 2017 $'000
Trade and other receivables (current)							
Trade receivables		10,252	10,930	9,903	2,490	2,743	1,162
Goodwill compensation		–	–	350	–	–	350
Deposits		1,696	1,726	2,319	633	474	993
Other receivables		4,870	4,183	5,132	4,291	3,490	3,274
		16,818	16,839	17,704	7,414	6,707	5,779
Other receivables (non- current)							
Deposits		8,287	6,878	7,341	3,967	3,566	3,535
Total trade and other receivables (current and non-current)		25,105	23,717	25,045	11,381	10,273	9,314
Representing:							
- Financial assets		24,915	23,540	24,680	11,381	10,273	9,314
- Non-financial assets		190	177	365	–	–	–
Financial assets		24,915	23,540	24,680	11,381	10,273	9,314
Add:							
- Loan to a subsidiary	17	–	–	–	–	–	809
- Loan to an associate	18	5,388	–	2,224	5,388	–	–
- Amounts due from associates	22	70	2,751	70	10	2,720	–
- Amounts due from subsidiaries	23	–	–	–	6,541	5,610	7,247
- Cash and cash equivalents	24	180,971	180,496	124,849	82,811	76,120	52,626
Total financial assets carried at amortised cost		211,344	206,787	151,823	106,131	94,723	69,996

Trade receivables are non-interest bearing and are generally up to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Goodwill compensation receivable arose from a principal for giving up distribution rights in certain territories/ countries in the Asia Pacific region. This receivable was written off during the previous financial year.

19. Trade and other receivables (cont'd)

Trade receivables that are past due but not impaired

As at 31 March 2018, the Group has trade receivables amounting to approximately $1,234,000 (1 April 2017: $1,607,000) that are past due but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	31 March 2018	**1 April 2017**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Less than 30 days	732	803
30 to 60 days	212	311
61 to 90 days	36	39
91 to 120 days	56	109
More than 120 days	198	345
	1,234	1,607

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	31 March 2018	**1 April 2017**
	$'000	**$'000**
Trade receivables – nominal amounts	205	219
Less: Allowance for impairment	(205)	(219)
	–	–
Movements in allowance account:		
At 1 April	219	72
Allowance for the year	–	220
Written off	–	(72)
Foreign currency translation adjustment	(14)	(1)
At 31 March	205	219

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 31 March 2019 $'000
Movements in allowance account:	
At 1 April	205
Foreign currency translation adjustment	6
At 31 March	211

Other receivables (current) that are impaired

	Group	
	31 March 2018 $'000	1 April 2017 $'000
Other receivables - nominal amounts	756	794
Less: Allowance for impairment	(756)	(794)
	–	–
Movement in allowance accounts:		
At 1 April	794	868
Allowance for the year	–	263
Write back for the year	–	(352)
Foreign currency translation adjustment	(38)	15
At 31 March	756	794

19. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on a 12-month ECL are as follows:

	Group
	31 March 2019
	$'000
Movements in allowance account:	
At 1 April	756
Write back for the year	(9)
At 31 March	747

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in trade and other receivables:

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000
Swiss Franc	427	798	470
Australian Dollar	181	207	80
Singapore Dollar	–	–	16

20. Deferred tax (liabilities)/assets

	Group			Company		
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
As presented in the statements of financial position						
Deferred tax assets	377	441	582	106	211	469
Deferred tax liabilities	(1,326)	(1,413)	(1,386)	–	–	–
	(949)	(972)	(804)	106	211	469

20. Deferred tax (liabilities)/assets (cont'd)

	Group							Company		
	Consolidated statement of financial position			Consolidated income statement		Consolidated statement of comprehensive income		Statement of financial position		
	31 March 2019	31 March 2018	1 April 2017	2019	2018	2019	2018	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities										
Differences in depreciation for tax purposes	(400)	(340)	(283)	60	57	–	–	(452)	(360)	(250)
Revaluation of investment properties to fair value	(3,811)	(3,747)	(4,031)	239	(47)	–	–	–	–	–
Fair value adjustment on acquisition of subsidiary	(623)	(639)	(655)	(16)	(16)	–	–	–	–	–
Other items	–	(28)	(26)	(25)	2	–	–	–	–	–
	(4,834)	(4,754)	(4,995)					(452)	(360)	(250)
Deferred tax assets										
Provisions and other temporary differences	2,451	2,625	2,523	84	(200)	–	–	558	548	651
Differences in depreciation for tax purposes	1,425	1,134	1,600	(343)	378	–	–	–	–	–
Other items	9	23	68	14	45	–	–	–	23	68
	3,885	3,782	4,191	13	219	–	–	558	571	719

20. Deferred tax (liabilities)/assets (cont'd)

Movement in deferred income tax account is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
At 1 April	(972)	(804)	211	469
Recognised in profit or loss	(13)	(219)	(105)	(258)
Foreign currency translation adjustment	36	51	–	–
At 31 March	(949)	(972)	106	211

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 March 2019, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregated to $60,459,000 (31 March 2018: $46,825,000, 1 April 2017: $38,713,000). The deferred tax liability is estimated to be $5,350,000 (31 March 2018: $4,035,000, 1 April 2017: $3,268,000).

Tax consequences of proposed dividends

There are no income tax consequences for 2019 and 2018 attached to the dividends to the shareholders proposed by the Company and hence no liability has been recognised in the financial statements (Note 10).

21. Inventories

	Group			Company		
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Statements of financial position:						
Total finished goods at lower of cost and net realisable value	286,356	282,479	307,354	172,214	164,196	176,878

	Group	
	2019	**2018**
	$'000	$'000
Income statement:		
Inventories recognised as an expense in cost of sales	532,000	527,983
Inventory allowance charged to income statement, net	865	1,560

22. Amounts due from associates

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Amount due from associates						
- trade	60	31	70	–	–	–
- non-trade	10	2,720	–	10	2,720	–
	70	2,751	70	10	2,720	–

Trade amounts due from associates are unsecured, non-interest bearing and are normally settled within the normal trade terms.

Non-trade amounts due from associate are unsecured, non-interest bearing and are repayable on demand.

23. Amounts due from/(to) subsidiaries

	Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Amounts due from subsidiaries- non-trade	6,541	5,610	7,247
Amounts due to subsidiaries			
- trade	(5,050)	(5,327)	(6,012)
- non-trade	(12)	–	–
	(5,062)	(5,327)	(6,012)
	1,479	283	1,235

Non-trade balances with subsidiaries are unsecured, non-interest bearing and repayable on demand.

Trade receivables payable to subsidiaries are unsecured, non-interest bearing and repayable within the normal trade terms.

24. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following at the end of the reporting period:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Cash and bank balances	133,618	136,844	97,017	75,222	76,120	52,626
Fixed deposits with banks	47,353	43,652	27,832	7,589	–	–
	180,971	180,496	124,849	82,811	76,120	52,626

Cash and bank balances and fixed deposits with banks earn interest at floating rates based on bank deposit rates. Fixed deposits with banks are made for varying short term periods depending on the immediate cash requirements of the Group.

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in cash and cash equivalents:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Swiss Franc	1,019	54	540	1,004	36	514
Singapore Dollar	188	416	386	–	–	–
Australian Dollar	542	564	388	–	–	–
Hong Kong Dollar	7,762	419	217	7,589	284	166
United States Dollar	1,980	273	58	1,980	273	58
Others	136	120	42	136	118	40

25. Loans and borrowings

	Group			Company		
	31 March 2019 $'000	**31 March 2018** $'000	**1 April 2017** $'000	**31 March 2019** $'000	**31 March 2018** $'000	**1 April 2017** $'000
Secured loan	12,951	23,655	25,160	–	–	–
Unsecured loan	2,021	26,000	26,000	–	26,000	26,000
	14,972	49,655	51,160	–	26,000	26,000

(a) As at 31 March 2019, the Group's secured loans of $12,951,000 (31 March 2018: $23,655,000, 1 April 2017: $25,160,000) are repayable within 12 months after the reporting date. Interest is charged at rates ranging from 2.76% to 3.06% (2018: 2.75% to 4.04%) per annum.

The loan is secured by first mortgage over certain investment properties (Note 13) of the subsidiary and corporate guarantees provided by the Company (Note 31).

The secured loan is denominated in Australian Dollars.

(b) As at 31 March 2019, the Group's unsecured loans and borrowings comprise revolving credits of $2,021,000 (31 March 2018: $26,000,000, 1 April 2017: $26,000,000) repayable within 12 months after the reporting date. Interest is charged at rates ranging from 2.51% to 3.80% (2018: 0.91% to 1.54%) per annum.

The unsecured loans are denominated in United States Dollar (31 March 2018 and 1 April 2017: Singapore Dollar).

(c) In 2016, the Company established a $500,000,000 Multicurrency Medium Term Note Programme (the "Programme"). The net proceeds arising from the issuance of the Multicurrency Medium Term Note (the "Note") under the Programme (after deducting issue expenses) will be used for general corporate purposes, including financing investments, acquisitions and strategic expansions, general working capital and capital expenditure requirements of the Company and its subsidiaries as well as to refinance existing borrowings of the Company and its subsidiaries or such other purpose as may be specified in the relevant pricing supplement. No Note has been issued by the Company at the end of the reporting period (31 March 2018: $Nil, 1 April 2017: $Nil).

A reconciliation of liabilities arising from financing activities is as follows:

	31 March 2018 $'000	**Cash flows** $'000	**Foreign exchange movement (non-cash)** $'000	**31 March 2019** $'000
Loans and borrowings	49,655	(33,577)	(1,106)	14,972

	1 April 2017 $'000	**Cash flows** $'000	**Foreign exchange movement (non-cash)** $'000	**31 March 2018** $'000
Loans and borrowings	51,160	–	(1,505)	49,655

26. Trade and other payables

		Group			Company		
	Note	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Trade and other payables							
Trade payables		14,726	16,506	20,803	3,582	5,408	3,727
Deposits from customers		11,566	12,804	8,724	5,457	5,931	4,059
Accruals		17,810	13,977	14,871	12,384	9,948	10,341
Provisions		1,018	924	888	667	699	687
Other payables		1,226	1,440	1,248	698	730	826
Total trade and other payables		46,346	45,651	46,534	22,788	22,716	19,640
Representing:							
- Financial liabilities		44,678	44,368	45,400	21,543	21,879	18,848
- Non-financial liabilities		1,668	1,283	1,134	1,245	837	792
Financial liabilities		44,678	44,368	45,400	21,543	21,879	18,848
Add:							
- Loans and borrowings	25	14,972	49,655	51,160	–	26,000	26,000
- Amount due to subsidiaries	23	–	–	–	5,062	5,327	6,012
Total financial liabilities carried at amortised cost		59,650	94,023	96,560	26,605	53,206	50,860

Trade payables are non-interest bearing and are normally settled within the normal trade terms.

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in trade payables:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore Dollar	325	1,654	175	–	–	–
Swiss Franc	5,854	2,404	9,307	134	834	375
Others	8	15	6	5	–	5

27. Share capital

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
Balance at beginning of the year and end of the year	705,012	67,638	705,012	67,638

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

28. Reserves

	Group			Company		
	31 March 2019 $'000	**31 March 2018** $'000	**1 April 2017** $'000	**31 March 2019** $'000	**31 March 2018** $'000	**1 April 2017** $'000
Revenue reserve	499,657	443,326	407,609	250,382	205,033	199,445
Foreign currency translation reserve	(10,281)	(7,054)	–	–	–	–
Asset revaluation reserve	3,372	3,372	3,372	–	–	–
Capital reserve	(142)	(142)	(142)	–	–	–
Total reserves	492,606	439,502	410,839	250,382	205,033	199,445

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of premises, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Capital reserve

The capital reserve represents the effects of change in ownership interests in a subsidiary when there is no change in control.

29. Related party transactions

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place at terms agreed between the parties during the year:

	Sale of goods	Interest income	Purchase of goods	Rental expenses	Commission (paid)/ received	Services rendered	Rental income
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Associates	26	5	545	–	(8)	–	–
Directors of the Company	197	–	–	–	–	–	–
Directors of the subsidiaries	32	–	9	120	–	–	–
Directors -related companies	5	–	–	355	–	54	31
Key management personnel	8	–	–	–	–	–	–
2018							
Associates	115	137	382	–	7	2	–
Directors of the Company	380	–	7	–	–	–	–
Directors of the subsidiaries	286	–	86	120	–	–	–
Directors -related companies	–	–	–	355	–	–	31
Key management personnel	2	–	–	–	–	–	–
Other related entity	70	–	–	–	–	–	–

29. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2019	**2018**
	$'000	$'000
Short-term employee benefits	10,234	8,695
Defined contribution plans	149	134
Total compensation paid to key management personnel	10,383	8,829
Comprise amounts paid to:		
- Directors of the Company	7,247	6,200
- Other key management personnel	3,136	2,629
	10,383	8,829

30. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group			Company		
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Capital expenditure in respect of property and intangible assets:	1,454	1,267	2,338	135	180	196

(b) Operating lease commitments – As lessor

The Group and Company have entered into commercial property leases on its investment properties portfolio as disclosed in Note 13. These non-cancellable leases have varying terms, escalation clauses and renewal rights.

Future minimum lease payments receivable under non-cancellable operating leases at the end of reporting period but not recognised as receivables, are as follows:

	Group			Company		
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Not later than one year	1,056	1,138	889	408	394	384
Later than one year but not later than five years	1,694	2,401	1,427	345	552	829
Later than five years	–	161	–	–	–	–
	2,750	3,700	2,316	753	946	1,213

30. Commitments (cont'd)

(c) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases on certain properties under lease agreements that are non-cancellable within the lease period. These leases have varying terms, escalation clauses and renewal rights.

Future minimum lease payments payable under non-cancellable operating leases at the end of reporting period but not recognised as liabilities are as follows:

	Group			Company		
	31 March 2019 $'000	**31 March 2018** $'000	**1 April 2017** $'000	**31 March 2019** $'000	**31 March 2018** $'000	**1 April 2017** $'000
Not later than one year	28,416	23,466	26,250	18,368	15,778	17,731
Later than one year but not later than five years	70,025	44,048	39,355	55,960	36,691	31,185
Later than five years	12,490	12,935	16,548	6,398	10,474	13,819
	110,931	80,449	82,153	80,726	62,943	62,735

31. Contingent liabilities and other commitments

Guarantees

(a) The Company has provided corporate guarantees to banks for loans amounting to $999,000 (31 March 2018: $200,000, 1 April 2017: $2,294,000) taken by associates. The loans are repayable within the next 12 months.

(b) The Company has provided corporate guarantees to banks for loans amounting to $14,164,000 (31 March 2018: $23,655,000, 1 April 2017: $25,160,000) taken by subsidiaries (Note 25). The loans are repayable within the next 12 months.

32. Segment information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

Reporting format

The primary segment reporting format is determined to be geographical segments as the operating businesses are organised and managed separately according to the location of the Group assets, with each segment representing a strategic business unit to serve that market.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the country of operation.

Business segment

The Group comprises only one business segment which is the retailing and distribution of watches and jewellery and other luxury products. All relevant information regarding the business segment has been disclosed elsewhere in the financial statements.

32. Segment information (cont'd)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between geographical segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between geographical segments. These transfers are eliminated on consolidation.

Geographical segments

The following table presents revenue, capital expenditure and certain assets and liabilities information regarding the Group's geographical segments as at 31 March 2019, 31 March 2018 and 1 April 2017 and for the years ended 31 March 2019 and 2018.

	South East Asia and Australia $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
2019						
Segment revenue:						
Sales to external customers	608,211	112,714	720,925	–		720,925
Inter-segment sales	8,712	–	8,712	(8,712)	A	–
Interest income	1,442	434	1,876	–		1,876
Other income	45,603	34	45,637	(41,123)	B	4,514
Total revenue and other income	663,968	113,182	777,150	(49,835)		727,315
Segment results:						
Segment profit/(loss)	99,370	19,425	118,795	(35,375)	C	83,420
Finance costs						(927)
Fair value gain on investment properties						822
Share of results of associates						6,734
Profit before taxation						90,049
Taxation						(18,645)
Profit for the year						71,404
Other segment information:						
Segment assets	534,138	81,135	615,273	–		615,273
Investment in associates	33,494	–	33,494	–		33,494
Unallocated corporate assets					D	377
						649,144
Segment liabilities	55,840	7,370	63,210	–		63,210
Unallocated corporate liabilities					E	12,910
						76,120
Capital expenditure for the year	18,955	159	19,114	–		19,114
Depreciation and amortisation	6,305	343	6,648	–		6,648

32. Segment information (cont'd)

Geographical segments (cont'd)

	South East Asia and Australia $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
2018						
Segment revenue:						
Sales to external customers	589,493	102,152	691,645	–		691,645
Inter-segment sales	4,449	–	4,449	(4,449)	A	–
Interest income	847	130	977	–		977
Other income	4,286	1	4,287	(2,035)	B	2,252
Total revenue and other income	599,075	102,283	701,358	(6,484)		694,874
Segment results:						
Segment profit/(loss)	52,563	13,206	65,769	(1,506)	C	64,263
Finance costs						(1,267)
Fair value loss on investment properties						(1,102)
Share of results of associates						2,865
Profit before taxation						64,759
Taxation						(14,034)
Profit for the year						50,725
Other segment information:						
Segment assets	514,793	82,102	596,895	–		596,895
Investment in associates	28,744	–	28,744	–		28,744
Unallocated corporate assets					D	441
						626,080
Segment liabilities	88,515	8,506	97,021	–		97,021
Unallocated corporate liabilities					E	9,462
						106,483
Capital expenditure for the year	6,030	438	6,468	–		6,468
Depreciation and amortisation	7,097	393	7,490	–		7,490

32. Segment information (cont'd)

Geographical segments (cont'd)

	South East Asia and Australia $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
As at 1 April 2017						
Segment assets	501,704	71,600	573,304	–		573,304
Investment in associates	24,753	–	24,753	–		24,753
Unallocated corporate assets					D	947
						599,004
Segment liabilities	93,563	5,531	99,094	–		99,094
Unallocated corporate liabilities					E	8,112
						107,206

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Inter-company dividends are eliminated on consolidation.

C The following items are deducted from segment results to arrive at "Profit before taxation" presented in the consolidated income statement.

	Group 2019 $'000	Group 2018 $'000
Inter-company expenses/(income)	1	(6)
Inter-company dividends	(35,376)	(1,500)
Total	(35,375)	(1,506)

D The following items are added to segment assets to arrive at total assets presented in the consolidated statement of financial position.

	Group 31 March 2019 $'000	Group 31 March 2018 $'000	Group 1 April 2017 $'000
Tax recoverable	–	–	365
Deferred tax assets	377	441	582
Total	377	441	947

32. Segment information (cont'd)

Geographical segments (cont'd)

E The following items are added to segment liabilities to arrive at total liabilities presented in the consolidated statement of financial position.

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	$'000	$'000	$'000
Provision for taxation	11,584	8,049	6,726
Deferred tax liabilities	1,326	1,413	1,386
Total	12,910	9,462	8,112

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group reviews and agrees policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings and its investment portfolio in fixed deposits. The Group's borrowings are predominantly denominated in floating rates and are expected to be repriced at intervals of less than one year from the financial year end. At present, the Group's policy is to obtain the most favourable interest rate arrangements available.

Cash surpluses arising from operations, which are not redeployed as working capital, are placed with reputable banks.

As at the end of the reporting period, if the interest of the floating rate loans and borrowings had been 100 (2018: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been $107,000 (2018: $381,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

Foreign currency risk

The Group has transactional currency exposure arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Swiss Franc (CHF), Australian Dollar (AUD) and United States Dollar (USD).

33. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to $11,627,000 and $10,709,000 (31 March 2018: $1,846,000 and $711,000, 1 April 2017: $1,631,000 and $778,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The currency exposures are limited to the Australian Dollar (AUD), Hong Kong Dollar (HKD), United States Dollar (USD), Japanese Yen (JPY), Malaysian Ringgit (MYR), Thai Baht (BAHT) and Vietnamese Dong (VND). The Group's net investments in foreign operations are not hedged as they are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonable possible change in the CHF exchange rate against SGD, with all other variables held constant, of the Group's profit net of tax:

	Group	
	2019 Profit net of tax $'000	**2018 Profit net of tax** $'000
CHF		
- Strengthened 5% (2018: 5%)	(147)	(55)
- Weakened 5% (2018: 5%)	147	55

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's exposure to liquidity risk is minimal. As at 31 March 2019, the Group has available cash and cash equivalents totalling approximately $180,971,000 (31 March 2018: $180,496,000, 1 April 2017: $124,849,000) to finance its operations. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group. Short-term funding may be obtained from short-term bank loans where necessary.

33. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations

	31 March 2019		
Group	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Loan to an associate	–	5,388	5,388
Trade and other receivables	16,628	8,287	24,915
Amounts due from associates	70	–	70
Cash and cash equivalents	180,971	–	180,971
Total undiscounted financial assets	197,669	13,675	211,344
Financial liabilities			
Trade and other payables	44,678	–	44,678
Loans and borrowings	15,010	–	15,010
Total undiscounted financial liabilities	59,688	–	59,688
Total net undiscounted financial assets	137,981	13,675	151,656

	31 March 2018		
	One year or less $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Trade and other receivables	16,662	6,878	23,540
Amounts due from associates	2,751	–	2,751
Cash and cash equivalents	180,496	–	180,496
Total undiscounted financial assets	199,909	6,878	206,787
Financial liabilities			
Trade and other payables	44,350	–	44,350
Loans and borrowings	49,685	–	49,685
Total undiscounted financial liabilities	94,035	–	94,035
Total net undiscounted financial assets	105,874	6,878	112,752

33. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Group (cont'd)	1 April 2017 One year or less $'000	One to five years $'000	Total $'000
Financial assets			
Loan to an associate	–	2,641	2,641
Trade and other receivables	17,339	7,341	24,680
Amounts due from associates	70	–	70
Cash and cash equivalents	124,849	–	124,849
Total undiscounted financial assets	142,258	9,982	152,240
Financial liabilities			
Trade and other payables	45,222	–	45,222
Loans and borrowings	54,297	–	54,297
Total undiscounted financial liabilities	99,519	–	99,519
Total net undiscounted financial assets	42,739	9,982	52,712

Company	31 March 2019 One year or less $'000	One to five years $'000	Total $'000
Financial assets			
Loan to an associate	–	5,388	5,388
Trade and other receivables	7,414	3,967	11,381
Amounts due from associates	10	–	10
Amounts due from subsidiaries	6,541	–	6,541
Cash and cash equivalents	82,811	–	82,811
Total undiscounted financial assets	96,776	9,355	106,131
Financial liabilities			
Trade and other payables	21,543	–	21,543
Amounts due to subsidiaries	5,062	–	5,062
Total undiscounted financial liabilities	26,605	–	26,605
Total net undiscounted financial assets	70,171	9,355	79,526

33. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company (cont'd)	31 March 2018 One year or less $'000	One to five years $'000	Total $'000
Financial assets			
Trade and other receivables	6,707	3,566	10,273
Amounts due from associates	2,720	–	2,720
Amounts due from subsidiaries	5,610	–	5,610
Cash and cash equivalents	76,120	–	76,120
Total undiscounted financial assets	91,157	3,566	94,723
Financial liabilities			
Trade and other payables	21,862	–	21,862
Loans and borrowings	26,030	–	26,030
Amounts due to subsidiaries	5,327	–	5,327
Total undiscounted financial liabilities	53,219	–	53,219
Total net undiscounted financial assets	37,938	3,566	41,504

	1 April 2017 One year or less $'000	One to five years $'000	Total $'000
Financial assets			
Loan to a subsidiary	–	905	905
Trade and other receivables	5,779	3,535	9,314
Amounts due from subsidiaries	7,247	–	7,247
Cash and cash equivalents	52,626	–	52,626
Total undiscounted financial assets	65,652	4,440	70,092
Financial liabilities			
Trade and other payables	18,753	–	18,753
Loans and borrowings	26,191	–	26,191
Amounts due to subsidiaries	6,012	–	6,012
Total undiscounted financial liabilities	50,956	–	50,956
Total net undiscounted financial assets	14,696	4,440	19,136

All capital commitments are repayable within one year.

33. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. It is the Group's policy to transact with creditworthy counterparties. In addition, receivable balances are monitored on an on-going basis with the granting of material credit limits to counterparties being reviewed and approved by senior management.

With respect to credit risk arising from other financial instruments (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Simplified approach

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

General approach

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly, the loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

33. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (trade and other receivables).

There is no significant concentration of credit risk within the Group and the Company.

34. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There was no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 March 2019 and 2018.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	31 March 2019 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Non-financial assets:				
Investment properties (Note 13)	–	–	55,665	55,665
Total non-financial assets	–	–	55,665	55,665

34. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Group			
	31 March 2018 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Non-financial assets:				
Investment properties (Note 13)	–	–	67,202	67,202
Total non-financial assets	–	–	67,202	67,202

	Group			
	1 April 2017 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Non-financial assets:				
Investment properties (Note 13)	–	–	71,825	71,825
Total non-financial assets	–	–	71,825	71,825

34. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value $'000	Valuation techniques	Unobservable inputs	Range
At 31 March 2019				
Investment properties	55,665	Capitalisation approach	Capitalisation rate [1]	Offices: 5.50% Shops: 3.75% - 6.00%
		Direct comparison method	Price per square metre [2]	Shops: $43,000 - $162,500 Warehouse: $3,100 - $3,900 Office: $3,100 - $3,400
At 31 March 2018				
Investment properties	67,202	Capitalisation approach	Capitalisation rate [1]	Offices: 6.00% Shops: 3.75% - 6.25%
		Direct comparison method	Price per square metre [2]	Shops: $43,700 - $95,600 Warehouse: $2,200 - $3,000 Office: $3,100 - $3,400
At 1 April 2017				
Investment properties	71,825	Capitalisation approach	Capitalisation rate [1]	Offices: 6.75% Shops: 3.75% - 6.25%
		Direct comparison method	Price per square metre [2]	Shops: $25,000 - $139,000 Warehouse: $2,600 - $2,900

(1) The fair value measurement varies inversely against the capitalisation rate.

(2) Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

34. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to $822,000 (2018: losses of $1,102,000). The disclosure of the movement in the investment properties balance in Note 13 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) Valuation policies and procedures

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Fair value of financial instruments whose carrying amounts approximate their fair values

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from/(to) subsidiaries, loan to a subsidiary and an associate, amount due from associates, trade and other payables and loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

The carrying amount of loan to an associate (non-current) is a reasonable approximation of fair value, calculated by discounting future cash flows at incremental market rates.

35. Capital management

Capital includes debt and equity items.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 31 May 2019.

STATISTICS OF SHAREHOLDINGS AS AT 7 JUNE 2019

Number of Shares	:	705,011,880
Class of Shares	:	Ordinary
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	40	2.14	1,666	0.00
100 - 1,000	114	6.10	61,177	0.01
1,001 - 10,000	619	33.14	3,415,395	0.49
10,001 - 1,000,000	1,072	57.39	53,528,381	7.59
1,000,001 and above	23	1.23	648,005,261	91.91
Total :	**1,868**	**100.00**	**705,011,880**	**100.00**

PUBLIC FLOAT, TREASURY SHARES AND SUBSIDIARY HOLDINGS

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 7 June 2019, approximately 22.53% of its ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. The Company did not have any treasury shares or subsidiary holdings (as defined in the Listing Manual) as at 7 June 2019.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Direct	%	No. of Shares Deemed	%
TYC Investment Pte Ltd	340,291,669	48.27	-	-
Dr Henry Tay Yun Chwan	89,883,368	12.75	378,172,869 ①	53.64
AMSTAY Pte Ltd	36,881,200	5.23	-	-
Dato' Dr Jannie Chan Siew Lee	99,300	0.01	340,291,669 ②	48.27
FMR LLC	-	-	69,806,200 ③	9.90
Fidelity Management & Research Company	-	-	69,806,200 ④	9.90
FMR Co., Inc.	-	-	50,167,800 ⑤	7.12
Fidelity Puritan Trust	38,475,200	5.46	-	-

① Dr Henry Tay Yun Chwan's deemed interests arise from his interests in TYC Investment Pte Ltd, AMSTAY Pte Ltd and AMS Lifestyle Pte. Ltd..

② Dato' Dr Jannie Chan Siew Lee's deemed interest arises from her interest in TYC Investment Pte Ltd.

③ FMR LLC's deemed interests arise from shares held by funds and/or accounts managed by one or more FMR LLC's direct and indirect subsidiaries, which are fund managers.

④ Fidelity Management & Research Company's deemed interests arise from shares held by funds and/or accounts managed by one or more Fidelity Management & Research Company's direct and indirect subsidiaries, which are fund managers. Fidelity Management & Research Company is a wholly-owned subsidiary of FMR LLC.

⑤ FMR Co., Inc.'s deemed interests arise from shares held by funds and/or accounts managed by FMR Co., Inc. which is the fund manager. FMR Co., Inc. is deemed interested in the shares in its capacity as investment advisor of various funds and accounts, including certain funds of Fidelity Puritan Trust. FMR Co., Inc. is a wholly-owned subsidiary of Fidelity Management & Research Company.

TWENTY LARGEST SHAREHOLDERS AS AT 7 JUNE 2019

No.	Name	No. of Shares	%
1	TYC INVESTMENT PTE LTD	340,291,669	48.27
2	HENRY TAY YUN CHWAN	57,187,668	8.11
3	RAFFLES NOMINEES (PTE.) LIMITED	48,393,653	6.86
4	HSBC (SINGAPORE) NOMINEES PTE LTD	37,139,821	5.27
5	UOB KAY HIAN PRIVATE LIMITED	34,608,307	4.91
6	CITIBANK NOMINEES SINGAPORE PTE LTD	32,183,230	4.56
7	DBS NOMINEES (PRIVATE) LIMITED	23,038,838	3.27
8	PHILLIP SECURITIES PTE LTD	21,365,722	3.03
9	DB NOMINEES (SINGAPORE) PTE LTD	8,484,600	1.20
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,442,603	1.06
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,653,773	0.94
12	ONG YEK SIANG	6,207,823	0.88
13	OCBC SECURITIES PRIVATE LIMITED	4,548,080	0.65
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,578,835	0.51
15	CHIA KUM HO	3,015,000	0.43
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,305,842	0.33
17	CHAN KENNY SWEE KHENG	2,101,707	0.30
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,100,797	0.30
19	NG KWONG CHONG OR LIU OI FUI IVY	1,931,328	0.27
20	TAY WEE JIN MICHAEL (ZHENG WEIJUN MICHAEL)	1,804,098	0.26
	Total :	**644,383,394**	**91.41**

Note: Percentages have been arithmetically rounded to two decimals.

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