



THE HOUR GLASS

ANNUAL REPORT 2021

CORPORATE DIRECTORY

DIRECTORS

Dr Henry Tay Yun Chwan	Executive Chairman
Mr Michael Tay Wee Jin	Group Managing Director
Dr Kenny Chan Swee Kheng	Non-Independent Non-Executive Director *
Mr Kuah Boon Wee	Independent Non-Executive Director (Lead Independent Director)
Mr Liew Choon Wei	Independent Non-Executive Director
Mr Jeffrey Lee Yu Chern	Independent Non-Executive Director
Mr Lock Wai Han	Independent Non-Executive Director (Appointed on 1 October 2020)
Mr Pascal Guy Chung Wei Demierre	Independent Non-Executive Director (Retired on 28 August 2020)

* Dr Kenny Chan Swee Kheng was redesignated as a non-independent non-executive director of the Company on 1 April 2020 following his retirement as Co-Group Managing Director and executive director of the Company with effect from 31 March 2020.

AUDIT COMMITTEE

Mr Liew Choon Wei	Chairman
Mr Kuah Boon Wee	(Appointed on 1 April 2020)
Dr Kenny Chan Swee Kheng	(Appointed on 1 October 2020)
Mr Lock Wai Han	(Retired on 28 August 2020)
Mr Pascal Guy Chung Wei Demierre	

NOMINATION AND REMUNERATION COMMITTEE

Mr Kuah Boon Wee	Chairman
Mr Jeffrey Lee Yu Chern	(Appointed on 1 October 2020)
Mr Lock Wai Han	(Ceased on 1 October 2020)
Mr Liew Choon Wei	

COMPANY SECRETARY

Ms Christine Chan Meng Yook

REGISTERED OFFICE

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 #11-01 Tong Building
 Singapore 238862
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 Facsimile: (65) 6732 8683
 Website address: www.thehourglass.com
 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

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 and real estate development.

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. He also served as a board member of the Singapore Tourism Board.

MR MICHAEL TAY WEE JIN **GROUP MANAGING DIRECTOR**

Mr Michael Tay was appointed as Group Managing Director on 1 April 2020. 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 honorary committee of the Gerald Genta heritage association, 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.

Mr Tay served on the Boards of the National Heritage Board and the Singapore Tyler Print Institute, was 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 heritage and visual arts sector. He was also the Chairman of international humanitarian non-governmental organisation – Mercy Relief.

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

BOARD OF DIRECTORS

DR KENNY CHAN SWEE KHENG

NON-INDEPENDENT NON-EXECUTIVE 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. On 31 March 2020, Dr Chan retired as Group Managing Director. He serves as a Non-Independent and Non-Executive Director and a member of the Audit Committee with effect from 1 April 2020.

A graduate of Monash University with a MBBS (Honours), Dr Chan has over 30 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 served as a Council Member of the Singapore Retailers Association until his retirement on 8 July 2020.

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 Non-Executive 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 an Independent Non-Executive 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.

BOARD OF DIRECTORS

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 Non-Executive Director. He is the Chairman of the Company's Audit 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 Non-Executive 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, 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.

MR LOCK WAI HAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lock joined the Board of The Hour Glass Limited on 1 October 2020 as an Independent Non-Executive Director and serves as a member of the Company's Audit Committee and the Nomination and Remuneration Committee.

Mr Lock is the Executive Director and Chief Executive Officer of OKH Global Ltd. He is also a Non-Executive Director of ARA Trust Management (Suntec) Ltd and Chip Eng Seng Corporation Ltd. Mr Lock was the Executive Director and Group CEO of Rowsley Ltd and before that, was based in Beijing as the China CEO of CapitaMalls Asia ("CMA"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments.

Mr Lock had served in the Singapore public sector for more than 20 years during which he held various leadership roles including Commissioner of the Immigration & Checkpoints Authority, Director of the Criminal Investigations Department and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships on various statutory boards.

Mr Lock graduated from the University of Cambridge with Bachelor and Master of Arts (Engineering) degrees. He also holds a Master of Science (Management) degree from Leland Stanford Junior University.

KEY EXECUTIVES

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 policies and procedures. Mr Ho holds a Bachelor of 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.

SINGAPORE
THE HOUR GLASS LIMITED
MR HO MANG CHAN
CHIEF FINANCIAL OFFICER

Mr Ho joined the Company in August 2009 and is responsible for the Group's financial and accounting functions including statutory and regulatory compliance. Mr Ho holds a Bachelor of Accountancy (Honours) from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

SINGAPORE
THE HOUR GLASS LIMITED
MR NG SIAK YONG
CHIEF ADMINISTRATIVE OFFICER

Mr Ng joined the Company in October 2004 and is responsible for special projects and real estate of the Group. Mr Ng holds a Bachelor of 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.

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.

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.

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.

SINGAPORE
GLAJZ-THG PTE LTD
MR JOHN GLAJZ
MANAGING DIRECTOR

Mr Glajz joined the Company in January 1980 and has more than 40 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

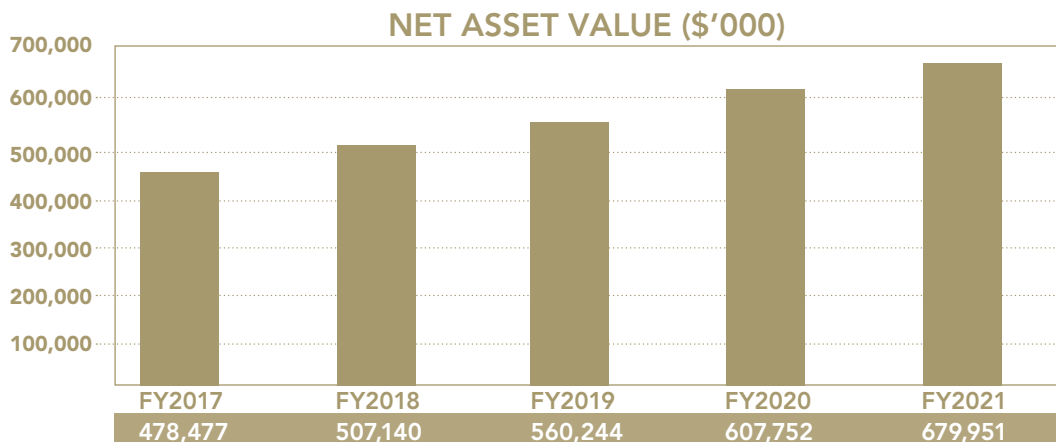
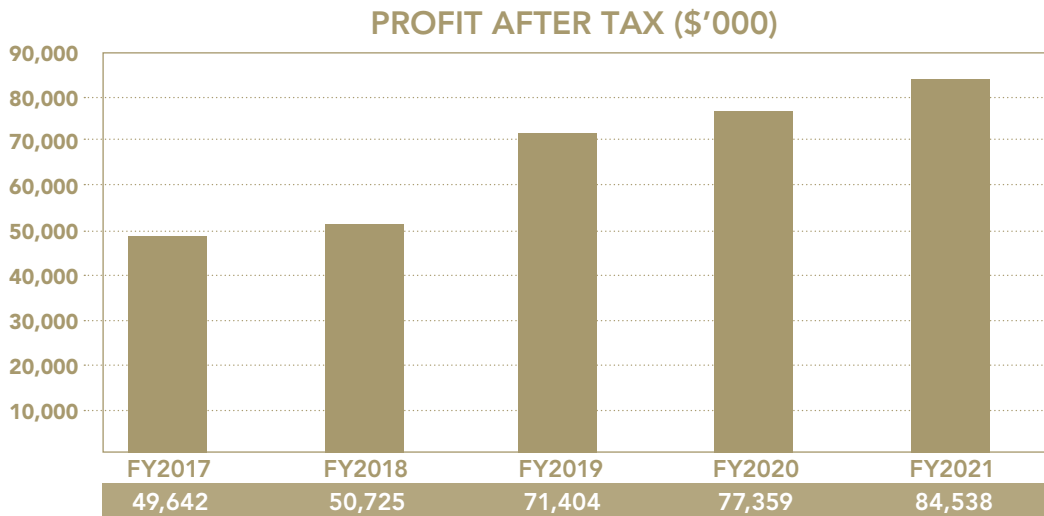
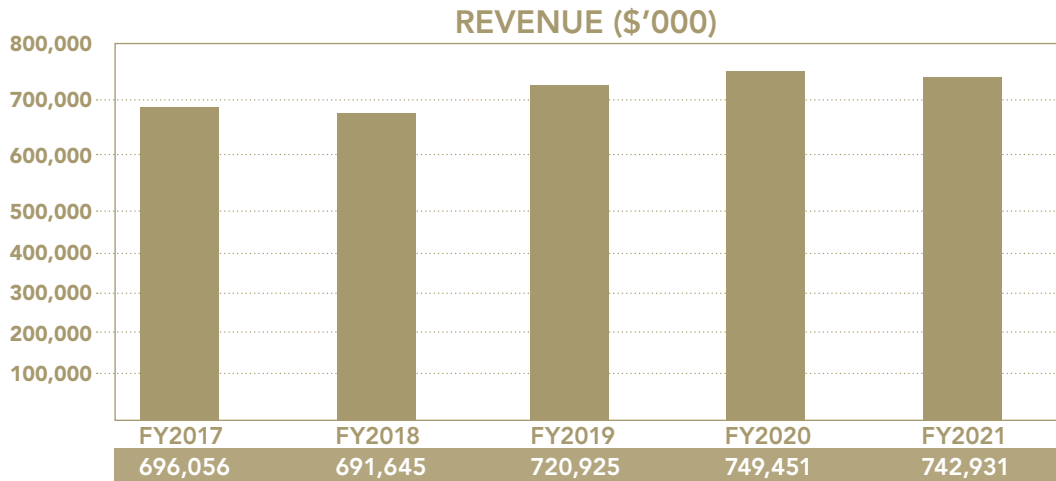
	FY2021	FY2020 (Restated) ¹	FY2019	FY2018	FY2017
FINANCIAL RESULTS	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	742,931	749,451	720,925	691,645	696,056
Operating profit ²	119,888	95,994	89,227	65,861	59,546
Profit before taxation	109,891	95,076	90,049	64,759	62,994
Profit after tax	84,538	77,359	71,404	50,725	49,642
EBITDA ²	158,619	131,414	94,926	73,641	68,065
FINANCIAL POSITIONS	\$'000	\$'000	\$'000	\$'000	\$'000
Net asset value	679,951	607,752	560,244	507,140	478,477
Inventories	259,096	286,425	286,356	282,479	307,354
Cash and bank balances	247,872	183,131	180,971	180,496	124,849
Loans and borrowings	105,121	64,467	14,972	49,655	51,160
Free cash flow ³	136,265	68,607	46,931	74,181	57,113
FINANCIAL RATIOS					
Gross margin (%)	29.2	28.8	27.0	24.2	22.7
Operating margin (%) ²	16.1	12.8	12.4	9.5	8.6
Net margin (%)	11.4	10.3	9.9	7.3	7.1
Inventory turnover ratio	2.0	1.9	1.8	1.9	1.8
Debt / equity ratio (%)	15.5	10.6	2.7	9.8	10.7
Earnings per share (cents)	11.71	10.79	9.99	7.07	6.91
Net asset value per ordinary share (\$)	0.97	0.86	0.79	0.72	0.68

1. FY2020 comparatives were restated. Please refer to Financial Statements for more details.

2. Excluding fair value adjustment on investment properties.

3. Free cash flow refers to net cash flow from operating activities less operating capital expenditure and payment of lease liabilities.

FINANCIAL HIGHLIGHTS



VISION

Enriching lives with passion by advancing 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 2021, the Group recorded a 1% decline in sales to \$742.9 million whilst profit-after-tax rose 9% to a new high watermark of \$84.5 million. Given the challenges the world faced this past year, we consider our financial performance a hard-fought, rewarding outcome.

Two factors contributed significantly. Firstly, the uncompromising support afforded by our principal business partners in ensuring a constant supply of watches despite an early breakdown in global logistics. And secondly, our management team's celerity in pivoting to crisis management mode, then devising and effectively executing our post-lockdown business recovery plan. The objective was squarely focused on reigniting sales momentum, ensuring that once commerce was legally allowed to restart, our watch specialists would be "retail fit" and the Group would be first off the blocks.

Throughout it all, we continued to deploy capital into opportunities we believe will benefit our business in the long term. To this end, amid a 110-day lockdown in Melbourne, we successfully acquired 139 Collins Street for A\$68.0 million. 139 Collins is a heritage-listed retail and office building presently tenanted by Louis Vuitton. Regarded by locals as the crown jewel of Collins Street real estate, it was a once-in-a-generation opportunity that will become one of our bedrock assets across generations. As is the case with investment properties, there will be periodic adjustments to account for changes in the valuations of our investment properties and this year, our balance sheet took a negative, non-cash adjustment of \$10.0 million, or 1.5% of our net assets. In spite of this, we continue to remain confident that the long-term value of our assets will be realised in time.

On a consolidated net asset basis, the Group increased its corporate net worth by \$72.2 million to \$680.0 million, or \$0.97 per ordinary share. During the financial year, an interim dividend of 2 cents per ordinary share,

amounting to \$14.1 million, was paid. As the second half of the financial year rolled on and our business recovery plans yielded early wins, our prognosis of improving sentiment swung to the positive. Consequently, the Board of Directors recommends a final dividend of 4 cents per ordinary share, amounting to \$28.2 million. Together with the interim dividend, the dividend for FY2021 totals \$42.2 million.

GENERAL COMMENTARY

Starting this chairman's statement with the pandemic is cliché but inevitable. Its scale and resulting disruptions to economies and societies are certainly beyond any crisis management exercise we had undertaken. While drastically unforeseen in most of the world, a pandemic of this magnitude was inevitable and merely a question of time.

Already in 2006, the World Bank produced a chilling report detailing the consequences of a severe pandemic – restrictions on travel, mass quarantines, limitations on social interactions, and closure of non-essential retail to combat the spread of infections. The paper also calculated the social costs and economic outcomes, forewarning of the pandemic inflation that would follow and modelling its impact on the global economy.

It is now evident in how the COVID-19 crisis unfolded that World Bank was right. Some nations took such warnings more seriously than others, namely Singapore, Hong Kong, Australia, and New Zealand. As a result, there is a vast gulf between countries in how they have handled the current crisis, impacting our ability to continue with our business differently across geographies.

OF PANDEMICS AND PRUDENCE

While I am not an epidemiologist, I am a medical doctor, which has helped shape my perspective on

CHAIRMAN'S STATEMENT

how the pandemic will unfold. The progress of vaccinations around the world has been patchy, with the effectiveness of such programmes hindered by diminished but continuing international air travel between most countries. The situation is made even more difficult by the multiplying strains of COVID-19, some of which have evolved to be more contagious and deadly.

Vaccine passports aside, before a vast majority of a population is vaccinated, the entire population remains vulnerable to imported sources of infection. The fact of the matter is plainly understood: COVID-19 is now endemic and will continue to affect our business unpredictably for the next 12 to 36 months.

In May 2021, almost a year after our inaugural 10-week circuit breaker in Singapore, it was one of these mutant strains that led to the reimposition of enhanced restrictions on social life and businesses. At time of writing, this new wave is sweeping through the Asia-Pacific. Kuala Lumpur is once more under a strict movement control order, Bangkok remains in a "Deep Red Zone", and a state of emergency has been declared in Tokyo - all cities we are present in. So while we have experienced a robust rebound in sales, we are mindful that a transition to a post COVID-19 normal will be an arduous and fragmented journey.

OF TURBULENCE AND TRAVEL

The global personal luxury goods sector declined by 25% last year to €217 billion, but some marques, like Louis Vuitton and Ferrari, outperformed their peers.

The watch industry mirrored much of this in disparity of outcomes. Overall, the watch business suffered: Swiss watch exports fell by 21% in terms of value and 33% by volume, according to trade body Federation of the Swiss Watch Industry. This decline was uniform across almost every country except China, which enjoyed a V-shaped recovery starting in the second half of the year, culminating in a full-year rise of 20% in Swiss watch imports.

The negative export figures for 2020 obscured the obvious recovery in some countries, highlighting the clear shift eastwards in luxury goods demand as reshoring of Asian spending accelerated in the second half of 2020, putting most countries in the region, with the exception of Japan, back on a forward footing.

For the first quarter of 2021, it is noteworthy that the velocity of watch retail sales intensified as Swiss watch exports to China nearly doubled year-on-year. Even Hong Kong, one of the most battered of watch markets the past two years, staged a recovery to return to par for the first quarter.

Europe, in contrast, did not enjoy such a turnaround, with sales continuing to contract well into 2021. According to a recent survey of leisure travellers conducted by Global Blue, the Swiss tax refund company famous amongst shoppers, only 10% of Chinese travellers were prepared to return to key European cities such as Paris and Milan in the next 12 months. In fact, the survey predicted it would be 2024 before Chinese visitor numbers to those cities return to their pre-pandemic levels. The region's undoing was its unhealthy reliance on tourist spending – by Asians in particular – meant the lack of high-spending visitors from outside Europe has hit hard. This will likely play out over the next few years, leaving it probable that the expansive network of stand-alone specialty watch and jewellery stores in Europe will shrink.

OF CONVERGENCE AND CLIENTS

Within the industry itself, it was similarly a story of winners and those that lost ground. Watch manufacturing shut down for about a quarter of 2020, corresponding to the decline in Swiss watch exports. For the strongest performing brands and those with far-sighted plans, the pandemic will be a blip. According to Morgan Stanley's annual watch industry report, the production declines faced by Cartier, Patek Philippe and Rolex were in the low double digits whilst their sales continued to advance. The winners in short, gained market share in a year where the market

CHAIRMAN'S STATEMENT

as a whole shrank, which means the gains came at the expense of their rivals. The best performing brands continue to enjoy intensified demand well into 2021, which is reflected in record-low inventory levels and the multiple increase of interests being registered for their most sought-after watches.

Even within the most esoteric niche of the industry – high-end artisanal watchmaking – the polarisation is pronounced. Though not significant enough to move the needle in Swiss watch export figures, F.P. Journe posted a record performance that emptied showcases in all channels.

This can be explained by the simple fact that tastes are converging globally. There are individuals in every country wealthy enough to buy high-end watches and what they all desire are largely informed by the same images on social media.

We expect this disparate performance to continue, purely on the sheer strength of strategy amongst the winners. Despite being the best performers, brands like Patek Philippe and Rolex have remained steadfast and are committed to their long-term goals while rolling out products that are consistent, reliable, and marketable. In the same vein, we continue with our objective to deepen our commitment to these partners. Instead of being an emporium of choice, we prefer to be a purveyor of the best and the uncommon.

In both emerging and maturing Asia, a demographic shift is under way, accompanied by a generational transfer of wealth. According to the Global Wealth Management arm of UBS, there is a high proportion of 2nd and 3rd generation heirs in Singapore who are broadening their range of collecting – from the traditional, like contemporary art and watches, to the thoroughly millennial, like trading cards and sneakers.

We have also noticed this shift with a younger demographic walking into our boutiques post-pandemic, bringing the average age of our clients down by 30%.

In a survey of wealth managers to ultra-high net worth individuals conducted by Knight Frank, it was found that watches were the single most popular collecting category for 79% of wealthy Singaporean families, followed by other “passion” investments, with art and wine tied at 57%. Our own data bears this out: this predilection for watches as a collectible applies not only to ultra HNWLs in Singapore. Since June 2020, the year-on-year share of purchases by individuals residing in public housing against those in private homes increased their overall share of watch purchases by 10% on an enlarged base. This was surprising and we derive several insights from this set of statistics. Firstly, watches have transcended the luxury goods market and are increasingly viewed as a serious collectible and even a store of value. Secondly, our clients often cite the fact that a watch is a substitute for what would have been spent on travel. And lastly, crisis or not, the broader segment of middle-class Singaporeans remain financially sound.

OF TECHNOLOGICAL ADVANCEMENT AND DIGITAL LEADERSHIP

Since 2017, we have on numerous occasions discussed the digital transformation journey The Hour Glass has embarked on. Our ability to operate effectively during the pandemic is validation for the resources we deployed into making this a centrepiece of our business and organisational development strategy.

We are nowhere finished with our transformation and have reached the conclusion that once an organisation begins on this path, there will never be an end point. There will always be improvements to be made. As such, we have set ourselves a new goal. One that is still transformative, but much more definitive – working towards technological and digital leadership within the specialty watch retail sector. This informs our plans in the most widely discussed aspect of the watch retail in the past year – e-commerce.

COVID-19 catalysed online sales as companies raced to transition their sales to this channel as lockdowns set

CHAIRMAN'S STATEMENT

in. e-commerce is now everywhere, literally – from groceries to luxury automobiles. Bain forecasts a third of sales in luxury goods will be online by 2025, bringing forward its own, earlier prediction by a decade. To that end, Richemont invested heavily in e-commerce, acquiring both Yoox Net-a-Porter and Watchfinder, albeit without achieving a profit so far.

Again, there are nuances within the big picture. In our experience, we believe that e-commerce for luxury watches is not click-and-buy as one would do on Amazon or Taobao. Instead, it's more click-and-reserve online, with the client then visiting a store to purchase and pick up the item. We concede that this might differ in big countries where distances are vast enough that visiting an authorised retailer is difficult. But in most of our markets, our boutiques are not far from the consumer.

We are investing behind technological applications to improve the organisation, communicate better with our clients, and to reach new clients. In that sense, technology enhances the physical business of retailing watches. And that approach echoes the focus of our key partners. Both Rolex and Patek Philippe are firmly committed to the bricks-and-mortar experience, with technology functioning as an aid.

That said, we believe e-commerce for new watches might have potential at the more accessible end of the market. With that in mind, one of our key partners, Tudor, selected The Hour Glass to roll out a pilot e-commerce project in Singapore that will then be debuted in all our markets. Sales transacted solely via e-commerce have been encouraging. Notably, despite the offer of a "white glove" delivery service, many clients unsurprisingly opted to conclude the purchase in store. We are studying consumer behaviour in this channel closely and are certain it will continue to generate greater interest and leads for the brand and the Group.

Technology can surmount many challenges for a client and in the daily operations of our boutiques. But

technology can only solve so many of these frustrations, while also bringing along its own problems. So, technology and digital leadership must be about crafting a humanistic approach to the digital tools that we use to close the loop between the customer and our teams. This human element should never be ignored, especially in the specialty watch business.

ROUNDING OFF

On behalf of the Board of Directors and management of The Hour Glass, I wish to extend our sincere gratitude to all healthcare professionals and essential workers around the world who are working tirelessly to keep all of us safe and in the process, undertaking extraordinary risks to themselves and their families.

I also wish to offer our deepest appreciation to our clients who have been so supportive of our business, and our long time business partners – Rolex, Patek Philippe and Hublot – whose teams on the ground have continued to ensure our boutiques are well stocked.

I would like to welcome a new board member – Mr Lock Wai Han. Wai Han is the chief executive of OKH Global who, in a prior role, managed the China business of CapitaMalls Asia, and before that held various leadership positions over a 20-year career in the Singapore Government's Public and Administrative Service. We value the breadth of Wai Han's public and commercial experience and look forward to his many years of active participation on our Board.

From the very moment the mechanical timekeeper was invented, its purpose was not merely to keep track of the passage of time, but also to synchronise the rhythm of work and life. Our team members go about their daily training and activities with discipline and rigour, which means that as an organisation, we have built up tremendous mental resilience. And when crisis hits, we know that we can resist it better, adapt and pivot quicker, but also accelerate and thrive coming out of it.

CHAIRMAN'S STATEMENT

Twenty-twenty was a year where everything changed yet nothing changed. Our approach and methods of serving our clients have adjusted to the new reality, but we are pursuing exactly the same line of business, working with the very best brands to retail the watches they create and produce. We go about our profession increasingly with the aid of technology and digital tools, but still primarily via our bricks-and-mortar network to a largely local clientele. With this continued emphasis on the boutique experience, we believe that the essence of heartfelt hospitality in retail remains in the development of genuine human connections. People will always remember how they are treated and how you make them feel. Some things are better done the warm, old-fashioned way.

The world will eventually get the pandemic under control, some countries before others, but in the meantime, disruptions will continue. As an organisation, all we can do is maintain vigilance, with health and safety protocols in place to protect our clients and team members, while keeping agile in our response to sudden policy shifts. Most importantly, we maintain a cast of mind that is confident in the bright future that lies ahead for our industry and region.

HENRY TAY YUN CHWAN

Executive Chairman

28 May 2021

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 2021 ("**FY2021**").

The Company's corporate governance practices and activities in relation to each of the principles of the Code of Corporate Governance 2018 ("**Code**") are set out in the following segments. The Company has complied with the principles of the Code and substantially all its provisions, save for variations from Provision 8.1 (disclosure on remuneration of individual directors and key management personnel) and Provision 11.4 (absentia voting at general meetings), which are explained in this report. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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. The Board is accountable to shareholders while management is accountable to the Board for the performance of the Group. The Board 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 appointments and re-appointments 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 half-year 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. Each of the two key Board committees supporting the Board, namely, the AC and the NRC, has its own written terms of reference setting out its composition, authorities and duties (including reporting back to the Board). These are reviewed periodically to ensure their continued relevance, and any revisions require the Board's approval.

Consequent upon the SGX-ST's replacement of its previous reporting requirement based on market capitalisation with the risk-based approach to quarterly reporting effective from 7 February 2020, the Board

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adjusted the frequency of its meetings to at least twice a year (previously, at least four times a year) concurrent with the Company's transition from quarterly reporting to semi-annual reporting in FY2021. 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 twice during the financial year. To facilitate the Board's decision-making process, the Company's Constitution provides for directors to participate in Board meetings by conference telephone and similar communications equipment, and for Board resolutions to be passed in writing, including by electronic means. 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.

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. Any newly appointed director with no prior experience as a listed company director is required to undergo the prescribed training in compliance with Rule 210 of the Listing Manual of the SGX-ST ("**Listing Manual**"), unless the NRC is of the view that training is not required because the new director has other relevant experience. 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. During the financial year, a new director (with prior experience as a listed company director) was appointed.

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. To further their understanding of the Group's business and operating environment, non-executive directors are invited to management off-site meetings. During the financial year, the directors were briefed on, among other developments, changes to the listing rules of the SGX-ST and various practice guidance issued by the SGX-ST on topical issues such as the accounting standards for financial statements and disclosures arising from the COVID-19 pandemic.

Each director, as a fiduciary, has to act objectively, 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. Where a director has an interest in a matter which may conflict with the director's duties to the Company, such director declares the interest and recuses himself or herself from the discussion and abstains from voting on the matter. Directors are expected to attend (including via conference telephone, unless due to scheduling conflicts or illness) and actively participate at Board and Board committee meetings, and ensure that sufficient time and attention are given to the Company's affairs.

Directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis to enable them to make informed decisions to discharge their duties and responsibilities. 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 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 attend and present the paper during the Board meeting.

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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 keep abreast of the Group's performance, position and prospects. More particularly, during the financial year, management had leveraged on the Company's business continuity plan and kept the Board regularly informed about developments, both locally and overseas, about the constantly evolving COVID-19 situation, which enabled the Company to make timely decisions to mitigate the pandemic's impact on the Group's operations.

Non-executive directors have separate and independent access to the executive directors, management and the company secretary, and vice versa. 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.

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

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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, a non-independent director and two executive directors. None of the directors has an alternate director.

The number of independent Board members is in keeping with the Code (which stipulates that a majority 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 Listing Manual provisions on directors' independence. Under the Code, a director is considered independent if he or she is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of his or her independent judgement in the best interest of the Company. Under the Listing Manual, a director will not be independent if such individual is employed by the issuer or any of its related corporations in the current or any of the past three financial years, or if such individual has any immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer. As the above listing rules do not apply to any of the independent non-executive directors holding office during the financial year, they are considered independent under the Listing Manual.

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 assists the Board with such reviews. In its annual review of the independence of the directors, the NRC has determined that they are each independent in character, conduct and judgement, and there are no material relationships (including immediate family relationships) between each independent non-executive director and the other directors or the Company, its related corporations, its substantial shareholders or its officers. Except

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for Mr Kuah Boon Wee, the other independent non-executive directors have served on the Board for less than nine years.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual will provide that a director will not be independent if he or she has been a director for an aggregate period of more than nine years and his or her continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the directors and the chief executive officer of the issuer, and their respective associates ("**Two-Tier Vote**").

Mr Kuah Boon Wee (who was first appointed as a director on 1 April 2011) will be standing for re-election as a director at the upcoming Annual General Meeting ("**AGM**") to be held on 28 July 2021. If re-elected, his tenure as a director would cross nine years on 1 January 2022. Hence, shareholders' approval for his continued appointment as an independent director from and after 1 January 2022 will be sought via the Two-Tier Vote process at the upcoming AGM. In seeking the requisite approvals under Rule 210(5)(d)(iii) for Mr Kuah to continue as an independent director, the Company seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board.

For the purpose of supporting his re-election and continued appointment as an independent director from and after 1 January 2022, and in conjunction with its annual review of directors' independence, the Board, through the NRC, had conducted a rigorous review of Mr Kuah's independence. The Board believes that a person's independence should not be circumscribed by an arbitrarily set period. The Board recognises that Mr Kuah has over the course of his tenure as a Board member gained significant insights in the Group's business and operations, which in turn enables him to provide meaningful and valuable contribution to the Board as a whole. The Board has determined that Mr Kuah has continued to demonstrate independence in conduct, character and judgement in the manner in which he has discharged his responsibilities, his length of

service on the Board neither interferes with his exercise of independent judgement nor hinders his ability to act in the best interests of the Company, and there are no relationships or circumstances which affect or would be likely to affect his judgement and ability to discharge his responsibilities as an independent member of the Board and to contribute to the Board in such capacity. In its review, the NRC noted that Mr Kuah had been forthcoming in expressing his individual viewpoint, active in providing constructive inputs and debating issues, and was objective in his scrutiny and challenges to management. Mr Kuah did not participate in his own independence assessment and determination by (as applicable) the NRC and the Board.

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 set to help shape the strategic process, monitor the performance of management and operate as an appropriate check and balance. The Company believes that it has effective independent non-executive directors, including a lead independent director, to provide balance within the workings of the Board and oversight for minority shareholders' interests. Individually and as a group, they 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. It is hence felt that it is not necessary, in the circumstances, for an independent non-executive chairman.

The Board endeavours to achieve an optimal balance and mix in its composition. The Company's board diversity policy seeks to ensure that the Board will comprise directors appointed based on merit, who as a group possesses an appropriate balance and combination of business experience, skills, commitment and other

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relevant qualities. 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 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 also has regard to other factors such as age, gender, cultural and educational background, which can contribute to the quality of its decision-making. The Board composition is assessed periodically taking into consideration the board diversity policy and the needs of the Group. In appointing successors to retiring directors, the Board has appointed new directors who bring other strategic business and experience to the Board. This allows different perspectives to be brought into Board discussions and review of the Group's business and operations. 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 considers the current Board size and composition, including that of its committees, to be 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 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.

The profiles of the directors, including listed company directorships and principal commitments, 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 is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

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 Mr Michael Tay is the Group Managing Director of the Company. Mr Michael Tay is the son of Dr Henry Tay and a nephew of Dr Kenny Chan. Dr Kenny Chan is a non-independent and non-executive director, and was previously a Group Managing Director and executive director of the Company until his retirement from active service with effect from 31 March 2020.

The Board establishes and sets out in writing the division of responsibilities between the Executive Chairman and the Group Managing Director. The Executive Chairman provides leadership to the Board,

NAME OF DIRECTOR	AGE*	DATE FIRST APPOINTED AS DIRECTOR	DATE LAST RE-APPOINTED/ RE-ELECTED AS DIRECTOR
Dr Henry Tay Yun Chwan	77	11 Aug 1979	25 Jul 2019
Mr Michael Tay Wee Jin	45	15 Aug 2005	28 Aug 2020
Dr Kenny Chan Swee Kheng	67	1 Apr 2004	25 Jul 2019
Mr Kuah Boon Wee	54	1 Apr 2011	25 Jul 2019
Mr Liew Choon Wei	67	1 Apr 2017	28 Aug 2020
Mr Jeffry Lee Yu Chern	57	1 Oct 2017	30 Jul 2018
Mr Lock Wai Han ^	54	1 Oct 2020	NA

* As at the Company's upcoming AGM on 28 July 2021.

^ Mr Lock Wai Han was appointed to the Board after the Company's last AGM held on 28 August 2020.

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and the Group Managing Director reports to the Board. The Executive Chairman and the Group Managing Director take an active role in management and overseeing the Group's operations, providing a division of executive responsibility and authority in the Company. At the operational level, the Executive Chairman heads the senior management team and the Group Managing Director has executive responsibility for the overall operations and administration of the Group. This 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.

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 Director 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 relationships 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.

Mr Kuah Boon Wee is the lead independent director. He is also chairman of the NRC. 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 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.

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NRC currently has three members and is chaired by Mr Kuah Boon Wee. The other members of the NRC are Mr Jeffrey Lee Yu Chern and Mr Lock Wai Han (effective from 1 October 2020). The NRC is comprised entirely of independent non-executive directors. The NRC met twice during the financial year. The chairman of the NRC is the lead independent director.

In relation to nominations, the principal functions of the NRC are to make recommendations to the Board on appointments, including re-appointments, and the Company's succession and leadership development plans, in particular for the Chairman, the Group Managing Director and other key management personnel. The NRC also reviews the adequacy of training and professional development programmes for the Board and directors. In relation to assessment of board performance and effectiveness, the NRC recommends for the Board's approval, the process and criteria for evaluating the performance of the Board, its committees and directors.

The NRC is responsible for reviewing the independence of Board members who are independent directors upon appointment, and thereafter annually or whenever circumstances require, in accordance with the requirements of the Listing Manual and the provisions of the Code. Independent directors submit annual declarations on their independence to the NRC and 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.

The NRC is also responsible for reviewing the structure, size and composition of the Board and Board

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committees. Regular reviews are made by 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 to the benefits of diversity on the Board including age, gender, cultural and education background and skill set. Candidates may be put forward or sought through contacts and recommendations. The NRC 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 board diversity policy and 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.

In accordance with the Company's Constitution, at each AGM, one-third, or the number nearest to, but not less than, one-third, of the directors are to retire from office by rotation. The directors to retire in the relevant year by rotation shall be those longest in office since their last re-election or appointment and as between persons who became or were last re-elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election. A new director who joins the Board after an AGM holds office only until, and is eligible for re-election at, the next AGM.

Factors which are taken into consideration for the re-appointment of the directors 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 the director's continued contribution to the on-going needs of the Company and its business. A director's calibre, experience, stature and skills as well as such individual's 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 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 would generally not support the appointment of an alternate director.

The NRC 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, including that of the chairman of the Board, 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

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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 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 NRC has access to professional advice to facilitate the evaluation process whenever there is a need to consult externally. There was no necessity for external advice to be obtained during the financial year.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management*

personnel. No director is involved in deciding his or her own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

DISCLOSURE ON REMUNERATION

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationship between remuneration, performance and value creation.*

The NRC took over the functions and duties of the RC from 30 July 2018. The composition and members of the NRC are set out earlier (under the section "Board membership and performance") in this report.

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 takes into consideration the salary and employment conditions within the same industry and in comparable companies. The NRC, 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 review covers all aspects of remuneration but does not include the annual review and recommendation of the fees for non-executive directors of the Company (to be put to shareholders for approval at the AGM),

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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 and as lead independent director. 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 also takes into account the risk policies of the Company, risk outcomes and time horizon of risks that might be undertaken. In particular, the NRC considered and took into account the impact of the COVID-19 pandemic on the Group's performance for the financial year when deciding whether the performance targets set were still appropriate and whether they should be revised retrospectively. 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-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. 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 2021, 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 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.

Provision 8.1 of the Code provides that the amounts of remuneration of each individual director be disclosed and the remuneration of at least the top five key management personnel (who are not directors) be disclosed in bands not wider than \$250,000. 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 \$5,056,923 and \$3,583,893, respectively. The aggregate directors' fees of \$315,993 paid to the non-executive directors for the financial year was within the amount of up to \$335,000 approved at the AGM on 28 August 2020. 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 \$300,000.

All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company have been disclosed at the end of this report, the Directors' Statement and the notes to the

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financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

The Board oversees management in the design, 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 expenditure 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 half-yearly management accounts during the financial year.

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 Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2021 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

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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 assurances from the Group Managing Director and Chief Financial Officer that the financial records for the financial year ended 31 March 2021 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 10: The Board has an Audit Committee which discharges its duties objectively.

The AC currently has four members and is chaired by Mr Liew Choon Wei. The AC currently includes Mr Kuah Boon Wee and Mr Lock Wai Han (effective from 1 October 2020), both of whom are independent non-executive directors, and Dr Kenny Chan, a non-executive director. A majority of the AC members, including the chairman of the AC, are independent directors.

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 FY2021, at least two members of the AC, including the current chairman 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 two years of his ceasing to be a partner or has any financial interest in the firm.

The AC's scope of authority includes 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 twice. 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 judgements as well as the half-year and full-year results prior to their submission to the Board, the assurances from management on the financial records and financial statements, 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 judgement 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

CORPORATE GOVERNANCE

31 March 2021 were reviewed and discussed by the AC with management and the external auditor:

- Allowance for inventories
- Valuation of investment properties
- Accounting for acquisition of retail business of Mansors Jewellers Limited

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 in note 8 to the financial statements of the Annual Report. The Company has complied with Rules 712 and 715 of the 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 have a direct impact on financial statements through attendance at briefings by the external auditor or other professionals. During the financial year, the AC also took into account specific guidance published by Singapore Exchange Regulation ("**SGX**") and the Accounting and Corporate Regulatory Authority ("**ACRA**") concerning financial reporting amidst the COVID-19 pandemic. 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. No material weaknesses were noted for FY2021.

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 behaviour 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.

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. 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.

CORPORATE GOVERNANCE

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 ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: *The Company communicates regularly with shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

The Company's policy on investor relations is to promote fair and equitable treatment of all shareholders. The Company communicates information to shareholders through announcements that are released to the SGX-ST via SGXNET. Such announcements include the half-year 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.

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. The Company also maintains a website www.thehourglass.com where shareholders and the

public can access information on the Group. Shareholders and others interested to learn about the Group and its business are able to submit enquiries online via the website and receive responses in a timely manner.

The Company's AGM in respect of the financial year ended 31 March 2020 ("**AGM 2020**") was convened and held by way of electronic means on 28 August 2020, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order**") and the checklist jointly issued by ACRA, Monetary Authority of Singapore and SGX which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation ("**Checklist**").

The alternative arrangements put in place for the conduct of AGM 2020 pursuant to the Order and the Checklist were published by the Company on its corporate website and announced via SGXNET. The alternative arrangements included attendance by shareholders at the AGM 2020 via electronic means (under which verified shareholders could observe and/or listen to the AGM 2020 proceedings via live audio-visual webcast or live audio-only stream), submission of questions by shareholders to the chairman of the meeting in advance of the AGM 2020, addressing of substantial and relevant questions prior to or at the AGM 2020 by the Company, and exercise of shareholders' voting rights at the AGM 2020 by appointing the chairman of the meeting as proxy to vote according to their specified voting instructions. The directors' attendance at the AGM 2020 (either in-person or via electronic means) held on 28 August 2020 is set out at the end of this report.

The safe management measures introduced by Singapore authorities to curb the spread of COVID-19 by keeping physical interactions to a minimum have impacted the traditional in-person format of the Company's AGMs. Due to the continuing COVID-19 situation, the upcoming AGM to be held on 28 July 2021 will also be convened and held by way of electronic means pursuant to the Order and the

CORPORATE GOVERNANCE

Checklist. The Company's usual practice for the conduct of general meetings is otherwise set out below.

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. 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. Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). Voting in absentia has not been implemented by the Company 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 Listing Manual.

The Company prepares minutes of general meetings, which include substantial and relevant comments and queries from shareholders, and makes these minutes available to shareholders upon their request. In accordance with the Order and the Checklist, the Company published the minutes of the AGM 2020 on its corporate website and via SGXNET as soon as practicable after such meeting.

The Company does not distribute a fixed amount or 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. As a matter of policy, the Company aims to pay a consistent and sustainable base dividend to shareholders over the long term by balancing growth with prudent capital management.

MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.*

Key stakeholders are identified through Board and management discussions. The executive directors and senior management actively engage with key stakeholders of the Group, and updates on any relevant feedback received are communicated to the Board.

The Group's approach is focused on delivering value for all stakeholders. These stakeholders include shareholders or investors, employees, clients, suppliers and government agencies or regulators. The Group

CORPORATE GOVERNANCE

is committed to understanding the key concerns of its stakeholders, and seeks to address these concerns by engaging stakeholders on a regular basis. The Group engages its stakeholders through a variety of channels to ensure that the business interests of the Group are aligned with the needs and interests of the stakeholders. They include regular and timely communication about the Group's activities to all stakeholders, and the provision of appropriate feedback mechanisms for monitoring and evaluating purposes.

Further details on the stakeholders engaged by the Group, key concerns raised, modes of engagement and frequency of engagement are disclosed in the Group's sustainability report for FY2021, which will be published in the third quarter of 2021.

The Company maintains a corporate website to communicate and engage with the Group's key stakeholders. The online content is closely curated for the target audience and regularly updated with a view to optimising user engagement and experience.

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 FY2021 were determined based on the following formula, which is substantially similar to that applied in the previous year:

	FY2021 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	10,000
AUDIT COMMITTEE	
Chairman	40,000
Member	15,000
NOMINATION AND REMUNERATION COMMITTEE	
Chairman	30,000
Member	10,000

CORPORATE GOVERNANCE

SUMMARY REMUNERATION TABLES – FY2021

(I) DIRECTORS

Name	Position	Salary* %	Bonus# %	Fees %	Other benefits %	Total %
\$3,250,000 to below \$3,500,000						
Mr Michael Tay Wee Jin	<i>Group Managing Director</i>	15%	85%	0%	0%	100%
\$1,500,000 to below \$1,750,000						
Dr Henry Tay Yun Chwan	<i>Executive Chairman</i>	18%	75%	0%	7%	100%
\$250,000 to below \$500,000						
Dr Kenny Chan Swee Kheng	<i>Non-Independent Non-Executive Director</i>	0%	0%	85%	15%	100%
Below \$250,000						
Mr Kuah Boon Wee	<i>Independent Director</i>	0%	0%	100%	0%	100%
Mr Pascal Guy Chung Wei Demierre®	<i>Independent Director</i>	0%	0%	100%	0%	100%
Mr Liew Choon Wei	<i>Independent Director</i>	0%	0%	100%	0%	100%
Mr Jeffrey Lee Yu Chern	<i>Independent Director</i>	0%	0%	100%	0%	100%
Mr Lock Wai Han	<i>Independent Director</i>	0%	0%	100%	0%	100%

* Salary includes employer's CPF contribution.

Accrued for FY2021.

® Retired as a Director of the Company on 28 August 2020.

(II) KEY MANAGEMENT OF THE GROUP (AS AT 31 MARCH 2021)

Name of Company	Name	Position
The Hour Glass Limited	Mr Ho Tun Min Norman	Group General Manager
The Hour Glass Limited	Mr Ng Siak Yong	Chief Financial Officer ^
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

^ Mr Ng Siak Yong has relinquished his appointment as Chief Financial Officer to take up a new role as Chief Administrative Officer of The Hour Glass Limited with effect from 1 April 2021. Mr Ng is succeeded by Mr Ho Mang Chan who was appointed Chief Financial Officer with effect from 1 April 2021.

No. of key executives in remuneration bands	FY2021
Above \$750,000 to below \$1,000,000	2
\$500,000 to below \$750,000	3
Below \$250,000	1

CORPORATE GOVERNANCE

DIRECTORS' ATTENDANCE AT MEETINGS IN FY2021

Board composition and Committees	Note	Board	AC	NRC	AGM
No. of meetings held		2	2	2	1
		No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Dr Henry Tay Yun Chwan		2	NA	NA	1
Mr Michael Tay Wee Jin		2	NA	1	1
Dr Kenny Chan Swee Kheng		2	2	NA	1
Mr Kuah Boon Wee		2	2	2	1
Mr Pascal Guy Chung Wei Demierre	a)	1	1	NA	0
Mr Liew Choon Wei	b)	2	2	1	1
Mr Jeffry Lee Yu Chern		2	NA	2	1
Mr Lock Wai Han	c)	1	1	1	NA

NA means not applicable.

Note:

a) Retired as Director of the Company and member of the AC with effect from the close of the AGM on 28 August 2020.

b) Ceased as member of the NRC with effect from 1 October 2020.

c) Appointed as Director of the Company, member of the AC and the NRC respectively, with effect from 1 October 2020.

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 practice recommendations. The following summarises the policies in place during the financial year. Directors and staff are to refrain from dealing in the securities of the Company during the periods commencing one month before and up to the date of announcement of the Company's half-year and full-year results. Staff are cautioned against dealing while in possession of material price or trade 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 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, the following transactions were conducted with interested persons which amounted to \$100,000 or more in value. The Company did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Amstay Pte Ltd	Associate of Dr Henry Tay Yun Chwan	*\$1,066,464	–
Dr Henry Tay Yun Chwan	Director	^\$2,151,214	–
Dr Kenny Chan Swee Kheng	Director	®\$600,000	–

* This comprises gross rental in respect of a three-year lease renewal of office premises at 12th floor, Tong Building, Singapore, commencing January 2021, leased from Amstay Pte Ltd.

^ This comprises purchase of watches from the Company and a subsidiary.

® This comprises a two-year consultancy from 1 April 2021 to 31 March 2023.

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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 FY2021, or have been entered into since the end of the previous financial year.

SUSTAINABILITY REPORTING

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 is available in the Sustainability Report 2020. The Group will be issuing its Sustainability Report 2021 in the third quarter of 2021.

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION

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

- (1) "Board of Directors" (on pages 4 to 6)
 - Date of appointment
 - Professional qualifications
 - Working experience and occupation(s) during the past 10 years
- (2) "Corporate Governance" (on page 20)
 - Age
 - Date of last re-appointment/re-election
- (3) Other information as set out in Appendix 7.4.1 of the Listing Manual:

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffrey Lee Yu Chern
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	Mr Lock's appointment was recommended by the NRC and approved by the Board. His background and experience enhance the core competencies and expertise of the Board members.	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.	Mr Lee's re-election was recommended by the NRC and approved by the Board. His background and experience contribute positively to, and augments, the core competencies of the Board members.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	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	Nil	Nil	Nil
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

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

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

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffry Lee Yu Chern
Other principal commitments including directorships			
Present	CEO and Director, OKH Global Ltd Director, ARA Trust Management (Suntec) Ltd Director, Chip Eng Seng Corporation Ltd	CEO and Director, MTQ Corporation Limited Director, UOB-Kay Hian Holdings Limited Vice-President, Singapore Chinese Chamber of Commerce and Industry	Senior Vice-President, HPL Properties Pte Ltd
Past (for the last 5 years)	Director, Secura Group Limited Director, Singapore Sports School Ltd	Chairman, NTUC Learning Hub	Nil
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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 (cont'd):

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffry Lee Yu Chern
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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 (cont'd):

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffry Lee Yu Chern
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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 (cont'd):

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffry Lee Yu Chern
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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;	No	No	No
or (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;	No	No	No
or			

CORPORATE GOVERNANCE

DIRECTORS STANDING FOR RE-ELECTION (cont'd)

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

Director	Mr Lock Wai Han	Mr Kuah Boon Wee	Mr Jeffry Lee Yu Chern
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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?	No	No	No

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 2021.

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 2021 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

Mr Michael Tay Wee Jin

Dr Kenny Chan Swee Kheng

Mr Kuah Boon Wee

Mr Liew Choon Wei

Mr Jeffry Lee Yu Chern

Mr Lock Wai Han

(Appointed on 1 October 2020)

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:

Name of director	Direct interest		Deemed interest	
	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	64,883,368	64,883,368	378,172,869	378,172,869
Michael Tay Wee Jin	26,804,098	26,804,098	–	–
Kenny Chan Swee Kheng	2,725,497	2,725,497	448,878	448,878

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2021.

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.

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

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, at the date of appointment if later, 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 and one non-independent non-executive director. The members of the Audit Committee at the date of this statement are:

Mr Liew Choon Wei	(Chairman)
Mr Kuah Boon Wee	
Dr Kenny Chan Swee Kheng	(Appointed on 1 April 2020)
Mr Lock Wai Han	(Appointed on 1 October 2020)

The Audit Committee held two 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

Michael Tay Wee Jin
Group Managing Director

Singapore
28 May 2021

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021 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 2021, 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 2021 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 FOR THE YEAR ENDED 31 MARCH 2021
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
<p>Allowance for inventories</p> <p>The Group's inventories amounted to \$259,096,000 as at 31 March 2021. The Group carries a range of luxury timepieces, jewellery and other luxury products as merchandise for resale.</p> <p>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 because the saleability and margins of luxury timepieces and jewellery are affected by factors such as changing consumer demand, fashion trends, supply-related scarcity, and economic uncertainties. 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.</p> <p>Refer to Note 2.15 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 21 (inventories).</p>	<ul style="list-style-type: none"> • We reviewed management's basis for determining inventory allowances and consistency with Group policy. • We assessed the reasonableness 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 by reference to utilisation based on actual sale experience. We also reviewed the basis used to set aside specific allowances for certain slow-moving inventories. • We considered the appropriateness of management's expectations about future sales by reviewing gross margins, historical markdowns of inventory values, historical sales pattern, and future sales expectations. We also considered management's expectations about future supply and actual selling prices observed subsequent to the reporting date. • We assessed the state and condition of selected inventory items when we observed management's year-end inventory counts at selected retail outlets. • We obtained and evaluated the independent appraisal reports of selected jewellery and precious stone items performed by qualified gemologists.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

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
<p>Valuation of investment properties</p> <p>The Group's investment properties amounted to \$143,739,000 as at 31 March 2021.</p> <p>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.</p> <p>The Group uses independent and professionally qualified external valuers to determine the fair value of investment properties using a combination of valuation techniques, which include the income capitalisation, discounted cash flow and direct comparison methods. These methods require the use of estimates such as capitalisation rates, discount rates, terminal yields and rental income.</p> <p>These valuation results are based on the relevant market conditions prevailing at the reporting date, which are subject to change after the reporting period. Given the increased economic uncertainties brought on by the COVID-19 pandemic, there may be significant changes to fair values of the Group's investment properties in subsequent periods. Accordingly, some of the external valuers have included cautionary statements about the heightened uncertainty over valuations in their valuation reports. Accordingly, we have identified this as a key audit matter.</p> <p>Refer to Note 2.8 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 14 (investment properties).</p>	<ul style="list-style-type: none"> • We assessed management's process for reviewing and assessing the work of the external valuers. • We involved our internal valuation specialists where necessary to assist us in the below-mentioned procedures to evaluate the reasonableness of the valuation of the Group's investment properties. • 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 valuations. • We assessed the appropriateness of the valuation methods used and the reasonableness of the underlying valuation assumptions by making comparison with available external market data. • We evaluated the reasonableness of assumptions and tested material property valuations 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 responded to the increased estimation uncertainty over the valuations of the Group's investment properties by evaluating the appropriateness of any consequential valuation adjustments and performed sensitivity analyses where applicable. • We reviewed the adequacy of financial statement disclosures.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021
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
<p>Accounting for acquisition of retail business of Mansors Jewellers Limited</p> <p>The Group completed the acquisition of the retail business of Mansors Jewellers Limited in January 2020. The acquisition was completed close to the end of the previous financial year ended 31 March 2020. During the current financial year ended 31 March 2021, the Group completed its purchase price allocation exercise as part of the acquisition accounting.</p> <p>SFRS(I) 3 Business Combinations requires the Group to recognise the identifiable assets acquired and liabilities assumed at their acquisition-date fair values, with the excess of the acquisition-date fair value of the consideration transferred over the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed recognised as goodwill.</p> <p>Management engaged an external valuer to assist them in the identification and measurement of identifiable assets acquired and liabilities assumed in relation to the acquisition of the retail business of Mansors Jewellers Limited. Significant judgement and estimation is involved in determining the identifiable assets and liabilities assumed, the appropriate valuation methods used as well as the underlying assumptions used in the valuation process. Accordingly, we consider the accounting for the acquisition to be a key audit matter.</p> <p>Refer to Note 2.5(b) (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 31 (business combination).</p>	<ul style="list-style-type: none"> • We obtained an understanding of the business rationale for the acquisition through inquiries of management and read the sale and purchase agreement in relation to the acquisition to obtain an understanding of the transaction and its key terms. • We involved our internal valuation specialists to assist us in the below-mentioned procedures to evaluate the appropriateness of the accounting for the acquisition. • We considered the objectivity, independence and competency of the external valuer. • We assessed the appropriateness of the valuation methods and key underlying assumptions used by the external valuer. • We read the external valuation report and inquired with the external valuer and obtained explanations to support the selection of valuation method as well as the key assumptions used to determine the fair value of tangible and intangible assets. • We reviewed the adequacy of financial statement disclosures.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 2021 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
28 May 2021

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 \$'000	2020 \$'000 (Restated)*
Revenue	4	742,931	749,451
Other income	5	8,858	6,072
Revenue and other income		<u>751,789</u>	<u>755,523</u>
Cost of goods sold		525,639	533,615
Salaries and employee benefits		47,016	51,746
Selling and promotion expenses		15,300	22,352
Depreciation of property, plant and equipment	12	7,782	5,242
Depreciation of right-of-use assets	13	26,993	27,685
Rental expenses		1,509	4,350
Finance costs	6	3,405	3,481
Foreign exchange loss/(gain)		211	(1,017)
Other expenses	7	13,434	18,561
Costs and expenses		<u>(641,289)</u>	<u>(666,015)</u>
Fair value loss on investment properties		(9,997)	(918)
Share of results of associates		9,388	6,486
Profit before taxation	8	<u>109,891</u>	<u>95,076</u>
Taxation	9	(25,353)	(17,717)
Profit for the year		<u>84,538</u>	<u>77,359</u>
Profit attributable to:			
Owners of the Company		82,470	76,051
Non-controlling interests		2,068	1,308
		<u>84,538</u>	<u>77,359</u>
Earnings per share (cents)			
Basic and diluted	11	<u>11.71</u>	<u>10.79</u>

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.
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 2021

	2021 \$'000	2020 \$'000 (Restated)*
Profit for the year	<u>84,538</u>	<u>77,359</u>
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	<u>16,866</u>	<u>(5,809)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>16,866</u>	<u>(5,809)</u>
Total comprehensive income for the year	<u>101,404</u>	<u>71,550</u>
Total comprehensive income attributable to:		
Owners of the Company	100,358	69,248
Non-controlling interests	<u>1,046</u>	<u>2,302</u>
	<u>101,404</u>	<u>71,550</u>

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.
The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000 (Restated)*	2021 \$'000	2020 \$'000
Assets					
Non-current assets					
Property, plant and equipment	12	145,509	96,714	10,055	11,802
Right-of-use assets	13	86,834	103,313	51,341	63,683
Investment properties	14	143,739	96,511	11,272	11,287
Intangible assets	15	15,439	15,287	410	875
Investment in subsidiaries	16	–	–	118,371	87,864
Investment in associates	17	46,407	40,303	–	–
Loan to an associate	18	–	2,896	–	2,896
Other receivables	19	7,620	8,037	4,308	4,101
Deferred tax assets	20	1,686	2,349	579	452
		<u>447,234</u>	<u>365,410</u>	<u>196,336</u>	<u>182,960</u>
Current assets					
Inventories	21	259,096	286,425	159,741	175,035
Trade and other receivables	19	15,625	20,301	5,010	12,233
Prepaid operating expenses		989	1,229	455	582
Amounts due from associates	22	109	74	37	45
Amounts due from subsidiaries	23	–	–	6,088	9,465
Cash and bank balances	24	247,872	183,131	140,675	94,248
		<u>523,691</u>	<u>491,160</u>	<u>312,006</u>	<u>291,608</u>
Total assets		<u>970,925</u>	<u>856,570</u>	<u>508,342</u>	<u>474,568</u>
Equity and liabilities					
Current liabilities					
Loans and borrowings	25	105,121	64,467	–	–
Trade and other payables	26	60,359	49,307	29,515	23,498
Amounts due to associates	22	170	–	170	–
Amounts due to subsidiaries	23	–	–	8,377	9,624
Lease liabilities	27	22,769	25,856	14,870	15,192
Income tax payable		16,144	11,592	7,891	7,466
		<u>204,563</u>	<u>151,222</u>	<u>60,823</u>	<u>55,780</u>
Net current assets		<u>319,128</u>	<u>339,938</u>	<u>251,183</u>	<u>235,828</u>
Non-current liabilities					
Provisions		411	310	–	–
Lease liabilities	27	69,622	81,487	40,308	51,569
Deferred tax liabilities	20	1,005	768	–	–
		<u>71,038</u>	<u>82,565</u>	<u>40,308</u>	<u>51,569</u>
Total liabilities		<u>275,601</u>	<u>233,787</u>	<u>101,131</u>	<u>107,349</u>
Net assets		<u>695,324</u>	<u>622,783</u>	<u>407,211</u>	<u>367,219</u>
Equity attributable to owners of the Company					
Share capital	28(a)	67,638	67,638	67,638	67,638
Treasury shares	28(b)	(590)	(590)	(590)	(590)
Reserves	29	612,903	540,704	340,163	300,171
		<u>679,951</u>	<u>607,752</u>	<u>407,211</u>	<u>367,219</u>
Non-controlling interests		<u>15,373</u>	<u>15,031</u>	<u>–</u>	<u>–</u>
Total equity		<u>695,324</u>	<u>622,783</u>	<u>407,211</u>	<u>367,219</u>
Total equity and liabilities		<u>970,925</u>	<u>856,570</u>	<u>508,342</u>	<u>474,568</u>

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.

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 2021

	Attributable to owners of the Company						Total attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000			
Group									
Balance at 1 April 2019	67,638	–	(10,281)	(142)	3,372	499,657	560,244	12,780	573,024
Profit for the year (restated)*	–	–	–	–	–	76,051	76,051	1,308	77,359
Other comprehensive (loss)/income (restated)*	–	–	(6,803)	–	–	–	(6,803)	994	(5,809)
Total comprehensive (loss)/income for the year (restated)*	–	–	(6,803)	–	–	76,051	69,248	2,302	71,550
Contributions by and distributions to owners									
Purchase of treasury shares (Note 28(b))	–	(590)	–	–	–	–	(590)	–	(590)
Dividends on ordinary shares (Note 10)	–	–	–	–	–	(21,150)	(21,150)	–	(21,150)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(280)	(280)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	229	229
Total transactions with owners in their capacity as owners	–	(590)	–	–	–	(21,150)	(21,740)	(51)	(21,791)
Balance at 31 March 2020 (restated)*	67,638	(590)	(17,084)	(142)	3,372	554,558	607,752	15,031	622,783

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.

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 2021

	Attributable to owners of the Company						Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000			
Group (cont'd)									
Balance at 1 April 2020									
- As previously reported	67,638	(590)	(17,086)	(142)	3,372	554,689	607,881	15,031	622,912
- Adjustments*	-	-	2	-	-	(131)	(129)	-	(129)
As restated	67,638	(590)	(17,084)	(142)	3,372	554,558	607,752	15,031	622,783
Profit for the year	-	-	-	-	-	82,470	82,470	2,068	84,538
Other comprehensive income/(loss)	-	-	17,888	-	-	-	17,888	(1,022)	16,866
Total comprehensive income for the year	-	-	17,888	-	-	82,470	100,358	1,046	101,404
Contributions by and distributions to owners									
Dividends on ordinary shares (Note 10)	-	-	-	-	-	(28,159)	(28,159)	-	(28,159)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(704)	(704)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(28,159)	(28,159)	(704)	(28,863)
Transfers	-	-	13	-	(69)	56	-	-	-
Balance at 31 March 2021	67,638	(590)	817	(142)	3,303	608,925	679,951	15,373	695,324

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.

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 2021

	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
Company				
Balance at 1 April 2019	67,638	–	250,382	318,020
Profit for the year, representing total comprehensive income for the year	–	–	70,939	70,939
Contributions by and distributions to owners				
Purchase of treasury shares (Note 28(b))	–	(590)	–	(590)
Dividends on ordinary shares (Note 10)	–	–	(21,150)	(21,150)
Total transactions with owners	–	(590)	(21,150)	(21,740)
Balance at 31 March 2020 and 1 April 2020	67,638	(590)	300,171	367,219
Profit for the year, representing total comprehensive income for the year	–	–	68,151	68,151
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 10)	–	–	(28,159)	(28,159)
Total transactions with owners	–	–	(28,159)	(28,159)
Balance at 31 March 2021	67,638	(590)	340,163	407,211

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 \$'000	2020 \$'000 (Restated)*
Operating activities			
Profit before taxation		109,891	95,076
Adjustments for:			
Finance costs		3,405	3,481
Interest income		(617)	(1,828)
Depreciation of property, plant and equipment		7,782	5,242
Depreciation of right-of-use assets		26,993	27,685
Amortisation of intangible assets		1,168	840
Foreign currency translation adjustment		(191)	(3,765)
Net loss/(gain) on disposal of property, plant and equipment		378	(68)
Fair value loss on investment properties		9,997	918
Effects of transfer of equity interest in an associate		–	167
Share of results of associates		(9,388)	(6,486)
Operating cash flows before changes in working capital		149,418	121,262
Decrease in inventories		28,307	8,021
Decrease/(increase) in trade and other receivables		4,604	(2,666)
Decrease/(increase) in prepaid operating expenses		308	(435)
Decrease in amounts due from associates		2,803	2,778
Increase in amounts due to associates		170	–
Increase in trade and other payables		11,218	3,404
Cash flows from operations		196,828	132,364
Income taxes paid		(19,643)	(20,557)
Interest paid		(3,405)	(3,481)
Interest received		617	1,828
Net cash flows from operating activities		174,397	110,154
Investing activities			
Acquisition of business		–	(18,917)
Additions to intangible assets		(156)	(482)
Dividend received from an associate		2,268	817
Proceeds from transfer of equity interest in an associate		–	68
Proceeds from disposal of property, plant and equipment		64	97
Purchase of investment properties		(72,753)	(82,971)
Purchase of property, plant and equipment		(12,505)	(15,868)
Net cash flows used in investing activities		(83,082)	(117,256)
Financing activities			
Proceeds from loans and borrowings		40,406	59,187
Repayment of loans and borrowings		(10,288)	(4,778)
Payment of lease liabilities		(25,471)	(25,197)
Capital contribution from non-controlling interests		–	229
Dividends paid to non-controlling interests		(704)	(280)
Dividends paid on ordinary shares		(28,159)	(21,150)
Purchase of treasury shares		–	(590)
Net cash flows (used in)/generated from financing activities		(24,216)	7,421
Net increase in cash and cash equivalents		67,099	319
Effect of exchange rate changes on cash and cash equivalents		(2,358)	1,841
Cash and cash equivalents at 1 April		183,131	180,971
Cash and cash equivalents at 31 March	24	247,872	183,131

* Restatement subsequent to the finalisation of accounting for business combination in Note 31.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

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 retailing and distribution of watches, jewellery and other luxury products, investment in properties and investment holding.

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)”).

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2020. 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
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendment to SFRS(I) 16: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 17	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

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

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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.

(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.

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

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

(b) Business combinations and goodwill (cont'd)

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.

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

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

2.7 Property, plant and equipment (cont'd)

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 de-recognised 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 de-recognised.

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 de-recognised 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.

2.10 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 de-recognised.

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

2.10 Intangible assets (cont'd)

Included in intangible assets of the Group are:

(a) Brands

The brands were acquired in business combinations. Brand with finite life has an estimated useful life of 50 years and is stated at cost less accumulated amortisation and accumulated impairment losses. Brand with indefinite useful life is stated at cost less accumulated impairment losses. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, the Group believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

(b) 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.

(c) Customer relationships

Customer relationships acquired in a business combination represents future economic benefits in the form of future business with customers beyond the amount secured by any current orders or contracts. They are amortised on a straight-line basis over their estimated useful lives of 2 years.

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.

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.

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

2.11 Associates (cont'd)

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.

Subsequent measurement

Investments in debt instruments

Debt instruments comprise of cash and bank balances, trade and other receivables and amounts due from subsidiaries and associates.

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

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 de-recognised 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.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

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 de-recognised, and through the amortisation process.

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

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On de-recognition, 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 ("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 ("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.

2.20 Leases

As lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

2.20 Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms ranging from 1 to 9 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy impairment of non-financial assets is set out in Note 2.12.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 2.22(b). Contingent rents are recognised as revenue in the period in which they are earned.

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

2.21 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

2.22 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 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 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.

2.23 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.

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

2.23 Taxes (cont'd)

(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.

(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.

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

2.23 Taxes (cont'd)

(c) Sales tax (cont'd)

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.

2.24 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.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 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.

3.1 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.

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

3.1 Judgements made in applying accounting policies (cont'd)

(a) Income taxes (cont'd)

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

	Group		Company	
	2021 \$'000	2020 \$'000 (Restated)	2021 \$'000	2020 \$'000
Deferred tax assets	1,686	2,349	579	452
Income tax payable	16,144	11,592	7,891	7,466
Deferred tax liabilities	1,005	768	–	–

(b) Determining the lease term of contracts with renewal options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of leased properties with shorter non-cancellable period (i.e. one to five years). The Group typically exercises its option to renew these leases because there will be a significant negative effect on its operations if a replacement asset is not readily available.

As at 31 March 2021, potential future (undiscounted) cash outflows of approximately \$6,218,000 (2020: \$5,467,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

(c) Purchase price allocation review

The Group has exercised judgement regarding the allocation of the purchase price to the assets and liabilities acquired, including judgement made relating to identification of intangible assets, fair value adjustments to the carrying amount of assets and liabilities of the acquiree during the purchase price allocation review. Refer to Note 3.2(e) for the estimates made by the Group during the purchase price allocation review.

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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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. There is estimation uncertainty involved in the determination of the net realisable value as the saleability is affected by factors such as the ageing of the inventory, changing consumer demand, fashion trends, supply-related scarcity, and economic uncertainties. The purpose of the review is to ascertain whether any allowance is required to be made in the financial statements for slow-moving items. 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 the capitalisation, discounted cash flow 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 14.

(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 2021 was \$145,509,000 (2020: \$96,714,000). 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.

(d) Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(e) Purchase price allocation review

Accounting for business combination requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased. As mentioned in 3.1(c) above, the Group has exercised judgement to determine the fair value adjustments required during the purchase price allocation review.

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 34.

(b) Contract liabilities

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

	Group	
	2021	2020
	\$'000	\$'000
Deposits from customers (Note 26)	19,829	19,644

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	
	2021	2020
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	15,937	9,105

5. Other income

	Group	
	2021	2020
	\$'000	\$'000
Rental income	5,207	2,627
Interest income from cash and bank balances	617	1,828
Management fee income from associates	1,255	1,066
Government grants	1,425	3
Net gain on disposal of property, plant and equipment	–	68
Others	354	480
	8,858	6,072

Government grants relate mainly to property tax rebates and cash grants received from the Singapore Government to help businesses deal with the impact from COVID-19. For property tax rebates received where the Group is a lessor, the Group is obligated to pass on the benefits in the form of rent rebates to its tenants. For cash grants received, the Group is obligated to waive up to 2 months of rental to its eligible tenants.

6. Finance costs

	Group	
	2021	2020
	\$'000	\$'000
Interest on loans and borrowings	1,128	769
Interest on bank overdrafts	–	1
Interest on lease liabilities	2,277	2,711
	<u>3,405</u>	<u>3,481</u>

7. Other expenses

	Group	
	2021	2020
	\$'000	\$'000
		(Restated)
Net loss on disposal of property, plant and equipment	378	–
Facility costs	6,249	8,146
Professional fees	2,553	2,119
General and administrative expenses	4,254	8,296
	<u>13,434</u>	<u>18,561</u>

8. Profit before taxation

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

		Group	
	Note	2021	2020
		\$'000	\$'000
Salaries and employee benefits (including executive directors):			
- salaries, bonuses and other costs		42,821	47,599
- defined contribution plans		4,195	4,147
Directors' fees		417	356
Audit fees:			
- auditor of the Company		238	251
- other auditors		294	276
Non-audit fees:			
- auditor of the Company		83	86
- other auditors		116	81
Write back of allowance for expected credit losses (trade)	19	(17)	–
Allowance/(write back of allowance) for expected credit losses (non-trade)	19	144	(90)
Bad debts written off (non-trade)		<u>63</u>	<u>–</u>

Salaries and employee benefits are net of COVID-19 related government grants of \$4,679,000 (2020: \$Nil) mainly from the Jobs Support Scheme introduced by the Singapore Government and the JobKeeper Payment introduced by the Australia Government to help businesses deal with the impact from COVID-19.

9. TaxationMajor components of income tax expense

The major components of income tax expense for the years ended 31 March 2021 and 2020 are:

	Group	
	2021	2020
	\$'000	\$'000
		(Restated)
Consolidated income statement:		
Current income tax		
- Current income taxation	24,660	20,094
- (Over)/under provision in respect of previous years	(18)	469
	<u>24,642</u>	<u>20,563</u>
Deferred income tax		
- Origination and reversal of temporary differences	161	(2,846)
- Under provision in respect of previous years	550	-
	<u>711</u>	<u>(2,846)</u>
Income tax expense recognised in profit or loss	<u>25,353</u>	<u>17,717</u>

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 2021 and 2020 are as follow:

	Group	
	2021	2020
	\$'000	\$'000
		(Restated)
Profit before taxation	109,891	95,076
Less: share of results of associates	(9,388)	(6,486)
	<u>100,503</u>	<u>88,590</u>
Tax calculated using Singapore corporate tax rate of 17% (2020: 17%)	17,086	15,060
Adjustments:		
Non-deductible expenses	4,090	134
Non-taxable income	(570)	(151)
Effect of different tax rates in other countries	4,202	3,224
Effect of partial tax exemption and tax relief	(98)	(952)
Under provision in respect of previous years	532	469
Others	111	(67)
Income tax expense recognised in profit or loss	<u>25,353</u>	<u>17,717</u>

10. Dividends

Group and Company	
2021	2020
\$'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 2020: 2.00 cents (2019: 3.00 cents)	14,080	21,150
- Interim exempt (one-tier) dividend in respect of the year ended 31 March 2021: 2.00 cents (2020: Nil)	14,079	–
	<u>28,159</u>	<u>21,150</u>

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 2021: 4.00 cents (2020: 2.00 cents)	28,160	14,080
	<u>28,160</u>	<u>14,080</u>

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	
	2021	2020
	\$'000	\$'000 (Restated)
Profit for the year attributable to owners of the Company	82,470	76,051
	'000	'000
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	<u>703,982</u>	<u>704,974</u>

12. Property, plant and equipment

	Freehold land and premises	Leasehold premises	Furniture and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Cost:					
At 1 April 2019	43,786	6,903	47,139	1,922	99,750
Additions	–	–	15,570	298	15,868
Acquisition through business combination (Note 31)	–	–	712	–	712
Transferred from investment properties (Note 14)	36,301	–	–	–	36,301
Disposals/write-offs	–	–	(3,115)	(342)	(3,457)
Foreign currency translation adjustment	(6,587)	470	(1,125)	21	(7,221)
At 31 March 2020 and 1 April 2020	73,500	7,373	59,181	1,899	141,953
Additions	6,779	–	5,726	–	12,505
Transferred from investment properties (Note 14)	29,561	–	–	–	29,561
Disposals/write-offs	(241)	–	(3,251)	–	(3,492)
Foreign currency translation adjustment	12,894	(412)	3,878	(23)	16,337
At 31 March 2021	122,493	6,961	65,534	1,876	196,864
Accumulated depreciation:					
At 1 April 2019	6,423	1,012	35,768	1,001	44,204
Depreciation charge for the year	429	165	4,331	317	5,242
Disposals/write-offs	–	–	(3,086)	(342)	(3,428)
Foreign currency translation adjustment	(275)	64	(575)	7	(779)
At 31 March 2020 and 1 April 2020	6,577	1,241	36,438	983	45,239
Depreciation charge for the year	1,049	166	6,257	310	7,782
Disposals/write-offs	(26)	–	(3,028)	–	(3,054)
Foreign currency translation adjustment	476	(61)	982	(9)	1,388
At 31 March 2021	8,076	1,346	40,649	1,284	51,355
Net carrying value:					
At 31 March 2021	114,417	5,615	24,885	592	145,509
At 31 March 2020	66,923	6,132	22,743	916	96,714

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

(a) Freehold land and premises (at cost)

	Group	
	2021	2020
	\$'000	\$'000
Singapore		
638 square metres office unit at 302 Orchard Road, Tong Building	7,664	7,664
Australia		
439 square metres shop unit at 70 Castlereagh Street, Sydney	10,181	8,490
389 (2020: 294) square metres office unit at 70 Castlereagh Street, Sydney *	3,109	1,504
1,345 square metres shop and office unit at 252 Collins Street, Melbourne	27,530	21,534
1,027 square metres shop and office unit at 192 Pitt Street, Sydney #	44,952	33,456
New Zealand		
911 square metres shop and office unit at 90-92 Queen Street, Auckland *	28,224	–
Malaysia		
281 square metres office unit at Wisma UOA II, 21 Jalan Pinang, Kuala Lumpur	833	852
	<u>122,493</u>	<u>73,500</u>

* During the financial year, the Group reclassified 1,006 square metres from investment properties due to the change of intended use of the premises (Note 14).

During the last financial year, the Group reclassified 1,027 square metres from investment property due to the change of intended use of the premise (Note 14).

Certain subsidiaries' freehold land and premises with net carrying value of \$83,144,000 (2020: \$33,418,000) are charged to secure the bank borrowings of those subsidiaries (Note 25).

(b) Leasehold premises (at cost)

	Group	
	2021	2020
	\$'000	\$'000
Singapore		
564 square metres warehouse unit at Eunus Warehouse Complex at Kaki Bukit Road 2	1,677	1,677
Hong Kong		
202 square metres office unit at Starhouse, No. 3 Salisbury Road, Kowloon	5,284	5,696
	<u>6,961</u>	<u>7,373</u>

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 relate to expenditure for certain premises (for office and retail use) in the course of construction.

	Group				
	2021	2020			
	\$'000	\$'000			
Freehold land and premises	28,224	20,869			
Furniture and equipment	–	12,333			
	28,224	33,202			
	Freehold	Leasehold	Furniture and	Motor	Total
	land and	premises	equipment	vehicles	
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
Cost:					
At 1 April 2019	7,664	1,677	24,936	1,578	35,855
Additions	–	–	4,142	298	4,440
Disposals/write-offs	–	–	(3,057)	(342)	(3,399)
	7,664	1,677	26,021	1,534	36,896
At 31 March 2020 and 1 April 2020	7,664	1,677	26,021	1,534	36,896
Additions	–	–	1,299	–	1,299
Disposals/write-offs	–	–	(1,024)	–	(1,024)
	7,664	1,677	26,296	1,534	37,171
At 31 March 2021	7,664	1,677	26,296	1,534	37,171
Accumulated depreciation:					
At 1 April 2019	3,932	377	20,652	945	25,906
Depreciation charge for the year	153	58	2,106	247	2,564
Disposals/write-offs	–	–	(3,035)	(341)	(3,376)
	4,085	435	19,723	851	25,094
At 31 March 2020 and 1 April 2020	4,085	435	19,723	851	25,094
Depreciation charge for the year	153	58	2,496	241	2,948
Disposals/write-offs	–	–	(926)	–	(926)
	4,238	493	21,293	1,092	27,116
At 31 March 2021	4,238	493	21,293	1,092	27,116
Net carrying value:					
At 31 March 2021	3,426	1,184	5,003	442	10,055
At 31 March 2020	3,579	1,242	6,298	683	11,802

The Company's furniture and equipment included \$Nil (2020: \$879,000) which relate to expenditure for certain premises (for retail use) in the course of construction.

13. Right-of-use assets

The Group leases premises for office and retail use that are non-cancellable within the lease period. These leases have varying terms, escalation clauses and renewal rights.

Some leases contain extension options exercisable by the Group before the end of the non-cancellable period. These extension options are included in the carrying amount of right-of-use assets and lease liabilities if it is reasonably certain that the extension options will be exercised.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group \$'000	Company \$'000
Cost:		
At 1 April 2019	120,796	84,789
Additions	10,216	–
Acquisition through business combination (Note 31)	3,992	–
Lease modifications	(4,087)	(3,761)
Disposals/write-offs	(140)	–
Foreign currency translation adjustment	568	–
	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	131,345	81,028
Additions	3,605	351
Lease modifications	6,460	3,579
Disposals/write-offs	(865)	(782)
Foreign currency translation adjustment	(25)	–
	<hr/>	<hr/>
At 31 March 2021	140,520	84,176
	<hr/>	<hr/>
Accumulated depreciation:		
At 1 April 2019	–	–
Depreciation charge for the year	27,685	17,345
Foreign currency translation adjustment	347	–
	<hr/>	<hr/>
As at 31 March 2020 and 1 April 2020	28,032	17,345
Depreciation charge for the year	26,993	16,272
Disposals/write-offs	(794)	(782)
Foreign currency translation adjustment	(545)	–
	<hr/>	<hr/>
At 31 March 2021	53,686	32,835
	<hr/>	<hr/>
Net carrying value:		
At 31 March 2021	86,834	51,341
	<hr/>	<hr/>
At 31 March 2020	103,313	63,683
	<hr/>	<hr/>

13. Right-of-use assets (cont'd)

The Group also has certain leases of office equipment and storage warehouses with lease terms of 12 months or less and/or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions* that is effective for annual periods beginning on or after 1 June 2020.

As a practical expedient, the amendment to SFRS(I) 16 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification.

The Group has applied the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification. The amount of rent concessions recognised in the profit or loss are disclosed below.

The following are the amounts recognised in profit or loss:

	Group	
	2021	2020
	\$'000	\$'000
Depreciation of right-of-use assets	26,993	27,685
Interest expense on lease liabilities	2,277	2,711
Variable lease payments which do not depend on an index or rate (included in rental expenses)	2,841	3,104
Rent concessions (included in rental expenses)	(2,599)	(211)
Government grants (included in other income)	(1,349)	(3)
Expense relating to short-term and/or low-value leases (included in rental expenses)	50	110
Expense relating to short-term and/or low-value leases (included in other expenses)	127	84
Total amount recognised in profit or loss	28,340	33,480

Rent concessions are Covid-19-related rent concessions received from lessors to which the Group applied the practical expedient described above.

Government grants relate to property tax rebates received from the Singapore government that were transferred to tenants in the form of rent rebates and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grants.

The Group had total cash outflow for leases of \$26,818,000 in 2021 (2020: \$30,992,000).

14. Investment properties

Statements of financial position

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 April	96,511	55,665	11,287	11,207
Additions	72,753	82,971	–	–
Loss from fair value adjustments recognised in income statement	(9,997)	(918)	(15)	80
Transferred to property, plant and equipment (Note 12)	(29,561)	(36,301)	–	–
Foreign currency translation adjustment	14,033	(4,906)	–	–
At 31 March	<u>143,739</u>	<u>96,511</u>	<u>11,272</u>	<u>11,287</u>

Income statement

	Group	
	2021	2020
	\$'000	\$'000
Rental income from investment properties	5,008	2,396
Direct operating expenses arising from investment properties that generated rental income	<u>1,245</u>	<u>716</u>

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.

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 valuers used a combination of valuation techniques, which include the income capitalisation, discounted cash flow and direct comparison methods. These methods require the use of estimates such as capitalisation rates, discount rates, terminal yields and rental income. Details of valuation techniques and inputs used are disclosed in Note 36.

14. Investment properties (cont'd)Transfers to property, plant and equipment

During the financial year, the Group reclassified 1,006 square metres from investment properties due to the change of intended use of the premises (Note 12).

During the last financial year, the Group reclassified 1,027 square metres from investment property due to the change of intended use of the premise (Note 12).

The investment properties held by the Group as at 31 March 2021 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	57 years
114 square metres unit at Peninsula Plaza situated at 111 North Bridge Road, Singapore	Shop	Leasehold	807 years
612 square metres unit at Eunos Warehouse Complex at Kaki Bukit Road 2, Singapore	Warehouse	Leasehold	20 years
1,662 square metres unit at 139 Collins Street, Melbourne, Australia	Shop and office	Freehold	N/A
752 square metres unit at 201 Elizabeth Street, Brisbane, Australia	Shop and office	Freehold	N/A
2,392 square metres unit at 190 Edward Street, Brisbane, Australia	Shop and office	Freehold	N/A
854 square metres unit at 112-116 Queen Street, Auckland, New Zealand	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

Certain subsidiaries' investment properties with carrying value of \$124,925,000 (2020: \$78,551,000) are charged to secure the bank borrowings of those subsidiaries (Note 25).

15. Intangible assets

	Goodwill	Brands	Customer relationships	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Cost:					
At 1 April 2019	–	4,594	–	1,725	6,319
Additions	–	–	–	482	482
Acquisition through business combination (Note 31) (restated)	9,835	195	878	–	10,908
Foreign currency translation adjustment	(471)	(9)	(43)	–	(523)
At 31 March 2020 and 1 April 2020 (restated)	9,364	4,780	835	2,207	17,186
Additions	–	–	–	156	156
Foreign currency translation adjustment	1,066	21	95	–	1,182
At 31 March 2021	10,430	4,801	930	2,363	18,524
Accumulated amortisation:					
At 1 April 2019	–	406	–	655	1,061
Amortisation charge for the year (restated)	–	92	71	677	840
Foreign currency translation adjustment	–	–	(2)	–	(2)
At 31 March 2020 and 1 April 2020 (restated)	–	498	69	1,332	1,899
Amortisation charge for the year	–	92	455	621	1,168
Foreign currency translation adjustment	–	–	18	–	18
At 31 March 2021	–	590	542	1,953	3,085
Net carrying value:					
At 31 March 2021	10,430	4,211	388	410	15,439
At 31 March 2020 (restated)	9,364	4,282	766	875	15,287

Brands relate to various brand names that were acquired in business combinations. Included in carrying amount of brands is an amount of \$207,000 (2020: \$186,000) with indefinite useful life. The remaining balance of \$4,004,000 (2020: \$4,096,000) has remaining amortisation periods of 43 (2020: 44 years).

Software and customer relationships have average remaining amortisation periods of 1 and 1 (2020: 2 and 2) years respectively.

Goodwill acquired in a business combination is allocated to the cash generating unit ("CGU"), which is the watch and jewellery business of The Hour Glass (NZ) Limited.

15. Intangible assets (cont'd)Impairment testing of goodwill

The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2021	2020
Pre-tax discount rate	11.57%	9.73%
Terminal growth rate	1.5%	1.5%

Key assumptions used in the value-in-use calculation

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

- Terminal growth rate – the forecasted growth rate is based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant market of the CGU.
- Pre-tax discount rate – discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity.

Sensitivity to changes in assumptions

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

15. Intangible assets (cont'd)

	Software
	\$'000
Company	
Cost:	
At 1 April 2019	1,725
Additions	482
	<hr/>
At 31 March 2020 and 1 April 2020	2,207
Additions	156
	<hr/>
At 31 March 2021	2,363
	<hr/>
Accumulated amortisation:	
At 1 April 2019	655
Amortisation charge for the year	677
	<hr/>
At 31 March 2020 and 1 April 2020	1,332
Amortisation charge for the year	621
	<hr/>
At 31 March 2021	1,953
	<hr/>
Net carrying value:	
At 31 March 2021	410
	<hr/>
At 31 March 2020	875
	<hr/>

16. Investment in subsidiaries

	Company	
	2021	2020
	\$'000	\$'000
Shares, at cost	118,371	87,864
	<hr/>	<hr/>

16. Investment in subsidiaries (cont'd)

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	
		2021 %	2020 %	2021 \$'000	2020 \$'000
Held by the Company					
<i>Retailing and distribution of watches, jewellery and related products</i>					
① Dynasty Watch Pte Ltd	Singapore	100	100	500	500
① Glajz-THG Pte Ltd	Singapore	60	60	990	990
② The Hour Glass Sdn Bhd	Malaysia	100	100	2,045	2,045
② The Hour Glass (HK) Limited	Hong Kong	100	100	10,261	10,261
② The Hour Glass (Australia) Pty Ltd	Australia	100	100	51,815	21,308
③ The Hour Glass Japan Ltd	Japan	100	100	3,630	3,630
① Watches of Switzerland Pte Ltd	Singapore	100	100	13,338	13,338
② The Hour Glass (NZ) Limited	New Zealand	100	100	35,790	35,790
<i>Investment holding</i>					
② ④ The Hour Glass Holding (Thailand) Co., Ltd	Thailand	49	49	2	2
				<u>118,371</u>	<u>87,864</u>
Held through subsidiaries					
<i>Retailing and distribution of watches, jewellery and related products</i>					
② THG (HK) Limited	Hong Kong	100	100		
② ④ The Hour Glass (Thailand) Co., Ltd	Thailand	49	49		
② Watches of Switzerland (2014) Sdn Bhd	Malaysia	100	100		
② Watches of Switzerland (NZ) Limited	New Zealand	100	100		
③ OT Limited	Japan	65	65		

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.

16. 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	
	2021	2020
	%	%
Proportion of ownership interest held by NCI	40	40
	2021	2020
	\$'000	\$'000
Profit after tax allocated to NCI	1,893	1,241
Accumulated NCI at the end of the reporting period	14,515	14,319
Dividends paid to NCI	704	280
Summarised financial information about subsidiary with material NCI		
	2021	2020
	\$'000	\$'000
Statement of financial position		
Non-current assets	606	579
Current assets	39,790	47,431
Current liabilities	(3,745)	(11,953)
Non-current liabilities	(364)	(259)
Net assets	36,287	35,798
Statement of comprehensive income		
Revenue	48,138	41,495
Profit for the year, representing total comprehensive income for the year	4,732	3,103
Other summarised information		
Net cash flows from operations	3,718	12,446

17. Investment in associates

The Group's investment in associates is summarised below:

	Group	
	2021 \$'000	2020 \$'000
THG Prima Times Co., Ltd	46,407	40,303

Name of company/ Principal activities	Country of incorporation	Proportion (%) of ownership interest	
		2021 %	2020 %

Held through subsidiary

*Retailing and distribution
of watches and other
luxury products*

①	THG Prima Times Co., Ltd	Thailand	49	49
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Held through associates

*Retailing and distribution of watches
and related products*

①	Royal Paragon Watch Limited	Thailand	30	30
②	THG S&S Company Limited	Vietnam	25	25*
②	S&S – Indochine Company Limited	Vietnam	25	25

*Retailing and distribution of watches
and leasing of building, furniture,
equipment and properties*

①	Siam Dynasty Limited	Thailand	49	49
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① Audited by PricewaterhouseCoopers ABAS Ltd, Thailand.

② Audited by PwC (Vietnam) Limited, Vietnam.

* During the last financial year, the Company transferred its entire 50% equity interest in THG S&S Company Limited to Siam Dynasty Limited, a wholly-owned subsidiary of THG Prima Times Co., Ltd, for a consideration of US\$50,000. As a result, the Group retains a 25% effective interest in THG S&S Company Limited and its wholly-owned subsidiary, S&S – Indochine Company Limited.

17. Investment in associates (cont'd)

The summarised financial information of the associates material to the Group, based on their IFRS 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 its subsidiaries	
	2021	2020
	\$'000	\$'000
Statement of financial position		
Current assets	88,683	82,452
Non-current assets	18,122	11,150
Total assets	<u>106,805</u>	<u>93,602</u>
Current liabilities	7,301	4,096
Non-current liabilities	860	872
Total liabilities	<u>8,161</u>	<u>4,968</u>
Net assets	98,644	88,634
Less: NCI of an associate	(5,830)	(8,028)
	<u>92,814</u>	<u>80,606</u>
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>
Group's share of net assets/carrying amount of the investment	<u>46,407</u>	<u>40,303</u>
	2021	2020
	\$'000	\$'000
Statement of comprehensive income		
Revenue	131,734	122,554
Profit for the year, representing total comprehensive income for the year	<u>18,009</u>	<u>11,541</u>

18. Loan to an associate

Loan to an associate was unsecured, non-interest bearing, denominated in United States Dollar and was repayable on 10 May 2067. The loan was fully repaid during the year.

19. Trade and other receivables

	Note	Group		Company	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<i>Trade and other receivables (current)</i>					
Trade receivables		7,687	5,976	715	687
Deposits		3,037	2,132	742	761
Other receivables		4,901	12,193	3,553	10,785
		<u>15,625</u>	<u>20,301</u>	<u>5,010</u>	<u>12,233</u>
<i>Other receivables (non-current)</i>					
Deposits		<u>7,620</u>	<u>8,037</u>	<u>4,308</u>	<u>4,101</u>
<i>Total trade and other receivables (current and non-current)</i>					
		23,245	28,338	9,318	16,334
Representing:					
- Financial assets		23,058	28,109	9,318	16,334
- Non-financial assets		<u>187</u>	<u>229</u>	<u>-</u>	<u>-</u>
Financial assets		23,058	28,109	9,318	16,334
Add:					
- Loan to an associate	18	-	2,896	-	2,896
- Amounts due from associates	22	109	74	37	45
- Amounts due from subsidiaries	23	-	-	6,088	9,465
- Cash and bank balances	24	<u>247,872</u>	<u>183,131</u>	<u>140,675</u>	<u>94,248</u>
Total financial assets carried at amortised cost		<u>271,039</u>	<u>214,210</u>	<u>156,118</u>	<u>122,988</u>

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.

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	
	2021 \$'000	2020 \$'000
Movement in allowance accounts:		
At 1 April	227	211
Write back of allowance for expected credit losses (Note 8)	(17)	–
Written off	(213)	–
Foreign currency translation adjustment	3	16
	<u>3</u>	<u>16</u>
At 31 March	<u>–</u>	<u>227</u>

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

	Group	
	2021 \$'000	2020 \$'000
Movement in allowance accounts:		
At 1 April	702	747
Allowance/(write back of allowance) for expected credit losses (Note 8)	144	(90)
Foreign currency translation adjustment	(24)	45
	<u>144</u>	<u>45</u>
At 31 March	<u>822</u>	<u>702</u>

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		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
British Pound	278	6,208	278	6,208
Swiss Franc	3,805	4,472	2,230	3,720
Australian Dollar	325	234	–	–
Euro	349	375	318	375
Singapore Dollar	<u>43</u>	<u>34</u>	<u>–</u>	<u>–</u>

20. Deferred tax assets/(liabilities)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Restated)		
<i>As presented in the statements of financial position</i>				
Deferred tax assets	1,686	2,349	579	452
Deferred tax liabilities	<u>(1,005)</u>	<u>(768)</u>	<u>–</u>	<u>–</u>
	<u>681</u>	<u>1,581</u>	<u>579</u>	<u>452</u>

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

	Group				Company			
	Consolidated statement of financial position		Consolidated income statement		Consolidated statement of comprehensive income		Statement of financial position	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)				
Deferred tax liabilities								
Differences in depreciation and amortisation for tax purposes	(935)	(602)	(196)	(85)	-	-	(379)	(365)
Revaluation of investment properties to fair value	(808)	(299)	560	(3,245)	-	-	-	-
Fair value adjustment on business combinations	(591)	(607)	(16)	(16)	-	-	-	-
Other items	-	(27)	(27)	27	-	-	-	-
	<u>(2,334)</u>	<u>(1,535)</u>					<u>(379)</u>	<u>(365)</u>
Deferred tax assets								
Provisions and other temporary differences	3,015	3,049	323	(798)	-	-	958	817
Differences in depreciation and amortisation for tax purposes	-	-	-	1,331	-	-	-	-
Other items	-	67	67	(60)	-	-	-	-
	<u>3,015</u>	<u>3,116</u>	<u>711</u>	<u>(2,846)</u>	<u>-</u>	<u>-</u>	<u>958</u>	<u>817</u>

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

Movement in deferred income tax account is as follows:

	Group		Company	
	2021 \$'000	2020 \$'000 (Restated)	2021 \$'000	2020 \$'000
At 1 April	1,581	(949)	452	106
Acquisition through business combination (Note 31)	–	(300)	–	–
Recognised in profit or loss	(711)	2,846	127	346
Foreign currency translation adjustment	(189)	(16)	–	–
At 31 March	<u>681</u>	<u>1,581</u>	<u>579</u>	<u>452</u>

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 March 2021, 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 \$78,622,000 (2020: \$74,733,000). The deferred tax liability is estimated to be \$6,583,000 (2020: \$6,802,000).

Tax consequences of proposed dividends

There are no income tax consequences for 2021 and 2020 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	
	2021 \$'000	2020 \$'000 (Restated)	2021 \$'000	2020 \$'000

Statements of financial position

Finished goods at lower of cost and net realisable value	<u>259,096</u>	<u>286,425</u>	<u>159,741</u>	<u>175,035</u>
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	Group	
	2021 \$'000	2020 \$'000

Income statement

Inventories recognised as an expense in cost of sales	535,789	543,036
(Write back of)/allowance for inventories	<u>(1,660)</u>	<u>758</u>

The reversal of write-down of inventories was made when the related inventories were sold above their net realisable value during the year.

22. Amounts due (to)/from associates

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amounts due from associates				
- trade	75	31	3	2
- non-trade	34	43	34	43
	109	74	37	45
Amounts due to associates				
- trade	(170)	-	(170)	-
	<u>(61)</u>	<u>74</u>	<u>(133)</u>	<u>45</u>

Trade balances with associates are unsecured, non-interest bearing and are normally settled within the normal trade terms.

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

23. Amounts due (to)/from subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Amounts due from subsidiaries		
- trade	35	936
- non-trade	6,053	8,529
	6,088	9,465
Amounts due to subsidiaries		
- trade	(155)	(4,306)
- non-trade	(8,222)	(5,318)
	<u>(8,377)</u>	<u>(9,624)</u>
	<u>(2,289)</u>	<u>(159)</u>

Trade balances with subsidiaries are unsecured, non-interest bearing and repayable within the normal trade terms.

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

24. Cash and bank balances

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

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	228,164	132,971	133,702	52,147
Fixed deposits with banks	19,708	50,160	6,973	42,101
	<u>247,872</u>	<u>183,131</u>	<u>140,675</u>	<u>94,248</u>

Cash at bank and on hand 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 bank balances:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Swiss Franc	1,347	1,263	172	1,119
Singapore Dollar	9,093	1,509	–	–
Australian Dollar	359	125	–	–
Hong Kong Dollar	116	170	–	–
United States Dollar	35,138	24,367	26,110	24,367
Others	<u>39</u>	<u>19</u>	<u>34</u>	<u>14</u>

25. Loans and borrowings

	Group	
	2021	2020
	\$'000	\$'000
Secured loans	92,891	53,486
Unsecured loan	<u>12,230</u>	<u>10,981</u>
	<u>105,121</u>	<u>64,467</u>

25. Loans and borrowings (cont'd)

- (a) As at 31 March 2021, the Group's secured loans of \$92,891,000 (2020: \$53,486,000) are repayable within 12 months after the reporting date. Interest is charged at rates ranging from 0.86% to 2.42% (2020: 1.38% to 2.76%) per annum.

The loans are secured by first mortgage over certain freehold land and premises (Note 12) and investment properties (Note 14) of certain subsidiaries and corporate guarantees provided by the Company (Note 33).

The secured loans are denominated in the following currencies:

	Group	
	2021	2020
	\$'000	\$'000
Australian Dollar	65,326	28,738
New Zealand Dollar	27,565	24,748
	<u>92,891</u>	<u>53,486</u>

- (b) As at 31 March 2021, the Group's unsecured revolving credit facility of \$12,230,000 (2020: \$10,981,000) is repayable within 12 months after the reporting date. Interest is charged at rates ranging from 1.56% to 2.56% (2020: 2.56%) per annum.

The unsecured loan is denominated in New Zealand 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) can 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 (2020: \$Nil).

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

	2020	Cash flows	Foreign exchange movement (non-cash)	2021
	\$'000	\$'000	\$'000	\$'000
Loans and borrowings	<u>64,467</u>	<u>30,118</u>	<u>10,536</u>	<u>105,121</u>
	2019	Cash flows	Foreign exchange movement (non-cash)	2020
	\$'000	\$'000	\$'000	\$'000
Loans and borrowings	<u>14,972</u>	<u>54,409</u>	<u>(4,914)</u>	<u>64,467</u>

26. Trade and other payables

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade and other payables					
Trade payables		18,080	11,842	3,801	5,140
Deposits from customers		19,829	19,644	10,498	6,938
Accruals		18,330	14,982	12,209	9,586
Provisions		1,144	1,149	637	684
Other payables		2,976	1,690	2,370	1,150
Total trade and other payables		60,359	49,307	29,515	23,498
Representing:					
- Financial liabilities		55,730	46,512	26,500	22,043
- Non-financial liabilities		4,629	2,795	3,015	1,455
Financial liabilities		55,730	46,512	26,500	22,043
Add:					
- Loans and borrowings	25	105,121	64,467	-	-
- Amounts due to associates	22	170	-	170	-
- Amounts due to subsidiaries	23	-	-	8,377	9,624
- Lease liabilities	27	92,391	107,343	55,178	66,761
Total financial liabilities carried at amortised cost		253,412	218,322	90,225	98,428

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 and other payables:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore Dollar	366	418	-	-
Swiss Franc	4,766	438	480	209
Others	129	171	80	138

27. Lease liabilities

The table below sets out the carrying amount of lease liabilities and the movements during the year:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 April	107,343	122,248	66,761	86,382
Additions	3,575	10,216	321	–
Acquisition through business combination (Note 31)	–	3,965	–	–
Lease modifications	6,430	(4,087)	3,549	(3,761)
Disposals/write-offs	(71)	(5)	–	–
Payments	(27,748)	(27,908)	(16,747)	(17,503)
Accretion of interest	2,277	2,711	1,294	1,643
Foreign currency translation adjustment	585	203	–	–
At 31 March	<u>92,391</u>	<u>107,343</u>	<u>55,178</u>	<u>66,761</u>
Current	22,769	25,856	14,870	15,192
Non-current	<u>69,622</u>	<u>81,487</u>	<u>40,308</u>	<u>51,569</u>
	<u>92,391</u>	<u>107,343</u>	<u>55,178</u>	<u>66,761</u>

28. Share capital and treasury shares**(a) Share capital**

	Group and Company			
	2021		2020	
	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	<u>705,012</u>	<u>67,638</u>	<u>705,012</u>	<u>67,638</u>

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. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 April	(1,030)	(590)	–	–
Acquired during the financial year	–	–	(1,030)	(590)
At 31 March	<u>(1,030)</u>	<u>(590)</u>	<u>(1,030)</u>	<u>(590)</u>

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 1,030,000 shares in the Company through purchases on the Singapore Exchange during the last financial year. The total amount paid to acquire the shares was \$590,000 and this was presented as a component within shareholders' equity.

29. Reserves

	Group		Company	
	2021 \$'000	2020 \$'000 (Restated)	2021 \$'000	2020 \$'000
Revenue reserve	608,925	554,558	340,163	300,171
Foreign currency translation reserve	817	(17,084)	–	–
Asset revaluation reserve	3,303	3,372	–	–
Capital reserve	(142)	(142)	–	–
Total reserves	<u>612,903</u>	<u>540,704</u>	<u>340,163</u>	<u>300,171</u>

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.

30. 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	Purchase of goods	Services rendered	Rental expenses	Rental income	Commission received
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Associates	3	385	–	–	–	31
Directors and close family members of directors of the Company	2,515	13	600	–	–	–
Directors-related companies	–	2	–	345	29	–
Key management personnel	219	–	–	120	–	–
<hr/>						
2020						
Associates	228	171	–	–	–	–
Directors and close family members of directors of the Company	626	–	300	–	–	–
Directors-related companies	–	–	–	355	31	–
Key management personnel	10	4	–	120	–	–
<hr/>						

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2021	2020
	\$'000	\$'000
Short-term employee benefits	8,530	9,262
Defined contribution plans	111	148
Total compensation paid to key management personnel	<u>8,641</u>	<u>9,410</u>
Comprise amounts paid to:		
- Directors of the Company	5,057	6,009
- Other key management personnel	3,584	3,401
	<u>8,641</u>	<u>9,410</u>

31. Business combination

On 31 January 2020, the Group's wholly-owned subsidiary, The Hour Glass (NZ) Limited, completed its acquisition of the business of Mansors Jewellers Limited, a luxury watch and jewellery retailer in New Zealand.

The acquisition will strengthen the Group's market position in the Oceania region and expand the Group's operating network.

The identifiable assets and liabilities from the acquisition had initially been determined based on provisional fair values in the previous financial year. The Group completed its accounting for the acquisition in the current financial year and has retrospectively adjusted provisional amounts recognised in the last financial year in accordance with SFRS(I) 3.

The following table summarises the impact of the prior year adjustments on the assets acquired and liabilities assumed at the acquisition date and the effects of the acquisition on the Group's cash flows:

	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
(a) Effect on cash flows of the Group			
Cash paid	18,917	–	18,917
Net cash outflow on acquisition	<u>18,917</u>	<u>–</u>	<u>18,917</u>
(b) Identifiable assets acquired and liabilities assumed			
Property, plant and equipment (Note 12)	712	–	712
Right-of-use assets (Note 13)	3,992	–	3,992
Intangible assets (Note 15)	–	1,073	1,073
Inventories	6,515	1,100	7,615
Trade and other receivables	37	–	37
Lease liabilities (Note 27)	(3,965)	–	(3,965)
Trade and other payables	(82)	–	(82)
Deferred tax liabilities (Note 20)	–	(300)	(300)
Net identifiable assets	7,209	1,873	9,082
Goodwill on acquisition (Note 15)	11,708	(1,873)	9,835
Consideration paid	<u>18,917</u>	<u>–</u>	<u>18,917</u>

32. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Capital expenditure in respect of property, plant and equipment and intangible assets:	508	4,714	391	511

(b) Operating lease commitments – As lessor

The Group and Company have entered into commercial property leases on its properties portfolio. 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 the reporting period but not recognised as receivables, are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not later than one year	5,852	3,989	470	324
Later than one year but not later than five years	13,842	8,895	798	9
Later than five years	2,345	6,683	–	–
	<u>22,039</u>	<u>19,567</u>	<u>1,268</u>	<u>333</u>

(c) Operating lease commitments – As lessee

During the financial year, the Group and the Company have entered into commercial leases on certain properties under lease agreements that have not yet commenced as at the end of the reporting period. These leases have varying terms, escalation clauses and renewal rights and are non-cancellable within the lease period.

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not later than one year	2,145	1,243	1,883	836
Later than one year but not later than five years	8,009	4,369	6,493	1,640
Later than five years	–	119	–	–
	<u>10,154</u>	<u>5,731</u>	<u>8,376</u>	<u>2,476</u>

33. Contingent liabilities and other commitments

Guarantees

The Company has provided corporate guarantees to banks for loans of \$105,121,000 (2020: \$64,467,000) obtained by subsidiaries (Note 25). The loans are repayable within the next 12 months.

34. 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.

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.

34. Segment information (cont'd)**Geographical segments**

The following table presents revenue, capital expenditure and certain assets and liabilities information regarding the Group's geographical segments for the years ended 31 March 2021 and 2020.

	South East Asia and Oceania	North East Asia	Total	Eliminations	Note	Group
	\$'000	\$'000	\$'000	\$'000		\$'000
2021						
Segment revenue:						
Sales to external customers	646,846	96,085	742,931	–		742,931
Inter-segment sales	2,940	316	3,256	(3,256)	A	–
Interest income	609	8	617	–		617
Other income	45,374	222	45,596	(37,355)	B	8,241
Total revenue and other income	<u>695,769</u>	<u>96,631</u>	<u>792,400</u>	<u>(40,611)</u>		<u>751,789</u>
Segment results:						
Segment results	132,805	13,263	146,068	(32,163)	C	113,905
Finance costs ⁽¹⁾						(3,405)
Fair value loss on investment properties						(9,997)
Share of results of associates						<u>9,388</u>
Profit before taxation						109,891
Taxation						<u>(25,353)</u>
Profit for the year						<u>84,538</u>
Other segment information:						
Segment assets	833,462	89,354	922,816	–		922,816
Investment in associates	46,407	–	46,407	–		46,407
Unallocated corporate assets					D	<u>1,702</u>
						<u>970,925</u>
Segment liabilities	235,968	22,484	258,452	–		258,452
Unallocated corporate liabilities					E	<u>17,149</u>
						<u>275,601</u>
Capital expenditure for the year	84,953	461	85,414	–		85,414
Depreciation and amortisation ⁽²⁾	28,708	7,235	35,943	–		<u>35,943</u>

⁽¹⁾ Includes interest on lease liabilities

⁽²⁾ Includes depreciation of right-of-use assets

34. Segment information (cont'd)

Geographical segments (cont'd)

	South East Asia and Oceania \$'000	North East Asia \$'000	Total \$'000	Eliminations \$'000	Note	Group \$'000
2020 (Restated)						
Segment revenue:						
Sales to external customers	647,443	102,008	749,451	–		749,451
Inter-segment sales	5,153	4,953	10,106	(10,106)	A	–
Interest income	1,640	188	1,828	–		1,828
Other income	44,876	–	44,876	(40,632)	B	4,244
Total revenue and other income	<u>699,112</u>	<u>107,149</u>	<u>806,261</u>	<u>(50,738)</u>		<u>755,523</u>
Segment results:						
Segment results	112,753	14,924	127,677	(34,688)	C	92,989
Finance costs ⁽¹⁾						(3,481)
Fair value loss on investment properties						(918)
Share of results of associates						<u>6,486</u>
Profit before taxation						95,076
Taxation						(17,717)
Profit for the year						<u>77,359</u>
Other segment information:						
Segment assets	725,986	87,801	813,787	–		813,787
Investment in associates	40,303	–	40,303	–		40,303
Unallocated corporate assets					D	2,480
						<u>856,570</u>
Segment liabilities	194,374	27,053	221,427	–		221,427
Unallocated corporate liabilities					E	12,360
						<u>233,787</u>
Capital expenditure for the year	99,268	53	99,321	–		99,321
Depreciation and amortisation ⁽²⁾	26,446	7,321	33,767	–		<u>33,767</u>

⁽¹⁾ Includes interest on lease liabilities⁽²⁾ Includes depreciation of right-of-use assets

34. Segment information (cont'd)**Geographical segments (cont'd)**

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	
	2021	2020
	\$'000	\$'000
Inter-company income	(269)	–
Inter-company dividends	(31,894)	(34,688)
Total	(32,163)	(34,688)

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

	Group	
	2021	2020
	\$'000	\$'000
		(Restated)
Tax recoverable	16	131
Deferred tax assets	1,686	2,349
Total	1,702	2,480

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

	Group	
	2021	2020
	\$'000	\$'000
		(Restated)
Income tax payable	16,144	11,592
Deferred tax liabilities	1,005	768
Total	17,149	12,360

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from 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 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 (2020: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been \$744,000 (2020: \$458,000) 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 sales and purchases that are denominated in a currency other than the respective functional currencies of the Group companies, primarily Swiss Franc (CHF), Australian Dollar (AUD) and Euro (EUR).

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to \$46,092,000 and \$26,316,000 (2020: \$27,453,000 and \$25,500,000) 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), New Zealand Dollar (NZD), 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.

35. Financial risk management objectives and policies (cont'd)*Sensitivity analysis for foreign currency risk*

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

	Group	
	2021 Profit net of tax \$'000	2020 Profit net of tax \$'000
USD		
- Strengthened 5% (2020: 5%)	1,535	1,011
- Weakened 5% (2020: 5%)	<u>(1,535)</u>	<u>(1,011)</u>
CHF		
- Strengthened 5% (2020: 5%)	33	219
- Weakened 5% (2020: 5%)	<u>(33)</u>	<u>(219)</u>

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 2021, the Group has available cash and bank balances totalling approximately \$247,872,000 (2020: \$183,131,000) to finance its operations. The Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the operations of the Group. Short-term funding may be obtained from banking facilities where necessary.

35. 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.

Group	2021		
	One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets			
Trade and other receivables	15,438	7,620	23,058
Amounts due from associates	109	–	109
Cash and bank balances	247,872	–	247,872
Total undiscounted financial assets	263,419	7,620	271,039
Financial liabilities			
Trade and other payables	55,730	–	55,730
Loans and borrowings	105,183	–	105,183
Amounts due to associates	170	–	170
Lease liabilities	24,513	72,678	97,191
Total undiscounted financial liabilities	185,596	72,678	258,274
Total net undiscounted financial assets/(liabilities)	77,823	(65,058)	12,765
2020			
Group	One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets			
Loan to an associate	–	2,896	2,896
Trade and other receivables	20,072	8,037	28,109
Amounts due from associates	74	–	74
Cash and bank balances	183,131	–	183,131
Total undiscounted financial assets	203,277	10,933	214,210
Financial liabilities			
Trade and other payables	46,512	–	46,512
Loans and borrowings	64,685	–	64,685
Lease liabilities	27,997	85,591	113,588
Total undiscounted financial liabilities	139,194	85,591	224,785
Total net undiscounted financial assets/(liabilities)	64,083	(74,658)	(10,575)

35. Financial risk management objectives and policies (cont'd)**Liquidity risk (cont'd)**

Company	2021		
	One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets			
Trade and other receivables	5,010	4,308	9,318
Amounts due from associates	37	–	37
Amounts due from subsidiaries	6,088	–	6,088
Cash and bank balances	140,675	–	140,675
Total undiscounted financial assets	151,810	4,308	156,118
Financial liabilities			
Trade and other payables	26,500	–	26,500
Amounts due to associates	170	–	170
Amounts due to subsidiaries	8,377	–	8,377
Lease liabilities	15,851	41,711	57,562
Total undiscounted financial liabilities	50,898	41,711	92,609
Total net undiscounted financial assets/(liabilities)	100,912	(37,403)	63,509
2020			
Company	One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets			
Loan to an associate	–	2,896	2,896
Trade and other receivables	12,233	4,101	16,334
Amounts due from associates	45	–	45
Amounts due from subsidiaries	9,465	–	9,465
Cash and bank balances	94,248	–	94,248
Total undiscounted financial assets	115,991	6,997	122,988
Financial liabilities			
Trade and other payables	22,043	–	22,043
Amounts due to subsidiaries	9,624	–	9,624
Lease liabilities	16,449	53,855	70,304
Total undiscounted financial liabilities	48,116	53,855	101,971
Total net undiscounted financial assets/(liabilities)	67,875	(46,858)	21,017

All capital commitments are repayable within one year.

35. 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 bank balances), 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 on-going 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 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.

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 bank balances 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.

35. 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.

36. 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 2021 and 2020.

(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 2021			
	\$'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 14)	–	–	143,739	143,739
Total non-financial assets	–	–	143,739	143,739

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

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

	Group			
	31 March 2020			
	\$'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 14)	–	–	96,511	96,511
Total non-financial assets	–	–	96,511	96,511

36. 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 2021				
Investment properties	143,739	Capitalisation approach	Capitalisation rate ⁽¹⁾	Shops: 3.25% - 5.25%
			Direct comparison method	Price per square metre ⁽²⁾
		Discounted cash flow	Discount rate ⁽³⁾	Shops: 5.00% - 6.25%
			Terminal yield ⁽⁴⁾	Shops: 3.50% - 5.50%
At 31 March 2020				
Investment properties	96,511	Capitalisation approach	Capitalisation rate ⁽¹⁾	Offices: 5.00%; Shops: 3.75% - 5.75%
			Direct comparison method	Price per square metre ⁽²⁾
		Discounted cash flow	Discount rate ⁽³⁾	Office and shops: 5.00% - 5.25%
			Terminal yield ⁽⁴⁾	Office and shops: 4.15%

⁽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.

⁽³⁾ The fair value measurement varies inversely against the discount rate.

⁽⁴⁾ The fair value measurement varies inversely against the terminal yield.

36. 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 recognised a fair value loss of \$9,997,000 (2020: \$918,000) on its investment properties. The disclosure of the movement in the investment properties balance in Note 14 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 bank balances, trade and other receivables, amounts due from/(to) subsidiaries, amounts due from/(to) 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.

37. 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.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 28 May 2021.

STATISTICS OF SHAREHOLDINGS AS AT 7 JUNE 2021

Number of Issued Shares (including Treasury Shares)	:	705,011,880
Number of Treasury Shares	:	1,030,000
Number of Issued Shares (excluding Treasury Shares)	:	703,981,880
Number of Subsidiary Holdings ⁽¹⁾	:	Nil
Percentage of Aggregate Number of Treasury Shares and Subsidiary Holdings against Number of Issued Shares	:	0.15%
Class of Shares	:	Ordinary
Voting Rights (excluding Treasury Shares)	:	One vote per ordinary share

⁽¹⁾ "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	49	2.55	2,166	0.00
100 - 1,000	177	9.20	95,070	0.01
1,001 - 10,000	688	35.78	3,795,490	0.54
10,001 - 1,000,000	986	51.27	52,087,362	7.40
1,000,001 and above	23	1.20	648,001,792	92.05
Total :	1,923	100.00	703,981,880	100.00

PUBLIC FLOAT

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 2021, approximately 22.32% of its ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares		No. of Shares	
	Direct	%	Deemed	%
TYC Investment Pte Ltd	340,291,669	48.27 ^①	–	–
Dr Henry Tay Yun Chwan	65,003,368	9.23	378,172,869 ^②	53.72 ^②
AMSTAY Pte Ltd	36,881,200	5.23 ^①	–	–
Dato' Dr Jannie Chan Siew Lee	99,300	0.01 ^①	340,291,669 ^③	48.27 ^{①③}
FMR LLC	–	–	70,398,180 ^④	10.00 ^④
Fidelity Management & Research Company LLC	–	–	68,473,980 ^⑤	9.73 ^⑤
Fidelity Puritan Trust	38,460,032	5.46	–	–
Abigail P. Johnson	–	–	70,398,180 ^⑥	10.00 ^⑥

^① "% No. of Shares for TYC Investment Pte Ltd, AMSTAY Pte Ltd and Dato' Dr Jannie Chan Siew Lee, as reflected in the Register of Substantial Shareholders, were based on 705,011,880 issued ordinary shares, of which none were treasury shares.

^② 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..

^③ Dato' Dr Jannie Chan Siew Lee's deemed interest arises from her interest in TYC Investment Pte Ltd.

^④ 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.

^⑤ Fidelity Management & Research Company LLC's deemed interests arise from shares held by funds and/or accounts managed by Fidelity Management & Research Company LLC as well as one or more of its direct and indirect subsidiaries, which are fund managers. Fidelity Management & Research Company LLC is a wholly-owned subsidiary of FMR LLC.

^⑥ Abigail P. Johnson's deemed interests arise from her entitlement to exercise or control the exercise of 20% or more of the voting power over FMR LLC.

TWENTY LARGEST SHAREHOLDERS AS AT 7 JUNE 2021

No.	Name	No. of Shares	%
1	TYC INVESTMENT PTE LTD	340,291,669	48.34
2	RAFFLES NOMINEES (PTE.) LIMITED	42,088,711	5.98
3	HSBC (SINGAPORE) NOMINEES PTE LTD	40,058,741	5.69
4	UOB KAY HIAN PRIVATE LIMITED	36,345,107	5.16
5	HENRY TAY YUN CHWAN	32,307,668	4.59
6	CITIBANK NOMINEES SINGAPORE PTE LTD	29,466,107	4.19
7	DBS NOMINEES (PRIVATE) LIMITED	28,301,294	4.02
8	TAY WEE JIN MICHAEL (ZHENG WEIJUN MICHAEL)	26,804,098	3.81
9	PHILLIP SECURITIES PTE LTD	21,054,535	2.99
10	DB NOMINEES (SINGAPORE) PTE LTD	10,430,000	1.48
11	TEO CHENG TUAN DONALD	10,098,600	1.43
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,531,348	0.93
13	ONG YEK SIANG	5,847,723	0.83
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,361,408	0.48
15	CHIA KUM HO	3,000,000	0.43
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,132,408	0.30
17	OCBC SECURITIES PRIVATE LIMITED	1,939,180	0.28
18	NG KWONG CHONG OR LIU OI FUI IVY	1,721,328	0.24
19	TAY MAY YI SABRINA	1,563,486	0.22
20	YEO SENG CHONG	1,375,000	0.20
	Total :	644,718,411	91.59

Note: Percentages have been arithmetically rounded to two decimals.

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