THE HOUR GLASS

ANNUAL REPORT 2024

One can only forget about time
by making use of it.

Contents

CORPORATE DIRECTORY

DIRECTORS

Dr Henry Tay	Executive Chairman
Mr Michael Tay	Group Managing Director
Dr Kenny Chan	Non-Independent Non-Executive Director
Mr Lock Wai Han	Independent Non-Executive Director (Lead Independent Director)
Mr Kuah Boon Wee	Non-Independent Non-Executive Director
Mr Liew Choon Wei	Independent Non-Executive Director
Mr Jeffry Lee	Independent Non-Executive Director
Ms Christine Pillsbury	Independent Non-Executive Director

AUDIT COMMITTEE

Mr Liew Choon Wei	Chairman
Mr Kuah Boon Wee	
Dr Kenny Chan	
Mr Lock Wai Han	
Ms Christine Pillsbury	

NOMINATION AND REMUNERATION COMMITTEE

Mr Jeffry Lee	Chairman
Mr Kuah Boon Wee	
Mr Lock Wai Han	
Ms Christine Pillsbury	

COMPANY SECRETARY

Ms Christine Chan Meng Yook

REGISTERED OFFICE

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#11-01 Tong Building
Singapore 238862

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Co. Registration:	197901972D

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
Partner in charge (since financial year ended 31 March 2024): Mr Lim Tze Yuen

PRINCIPAL BANKERS

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

SOLICITORS

Allen & Gledhill LLP
Dentons Rodyk & Davidson LLP

BOARD OF DIRECTORS

Seated:
Dr Henry Tay

Standing from left:
Mr Michael Tay, Dr Kenny Chan, Mr Kuah Boon Wee, Ms Christine Pillsbury, Mr Lock Wai Han, Mr Jeffry Lee
Mr Liew Choon Wei (absent)

BOARD OF DIRECTORS

DR HENRY TAY
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
GROUP MANAGING DIRECTOR

Mr Michael Tay was appointed as Group Managing Director on 1 April 2015. 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 the President of the jury for the Louis Vuitton Watch Prize, a member of the jury for the FP Journe young talent competition, a member of the jury for the Grand Prix d' Horlogerie de Geneve and, a member of the cultural committee of the Fondation de la Haute Horlogerie.

He has 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 and Art SG; 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 is presently an Independent Non-Executive Director of UOB-Kay Hian Holdings Limited.

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

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 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 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 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. He was appointed Lead Independent Director on 1 January 2022.

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. 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.

BOARD OF DIRECTORS

MR KUAH BOON WEE

NON-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. On 1 January 2022, he was re-designated to Non-Independent Non-Executive Director. He serves as a member of the Company's Audit Committee and the Nomination and Remuneration Committee.

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

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

MR 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 FJ Benjamin Holdings Ltd. Mr Liew recently retired as an Independent Non-Executive Director of Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd., after serving his term of nine years with the companies.

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lee was appointed to the Board of The Hour Glass Limited on 1 October 2017 as an Independent Non-Executive Director. He is the Chairman 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.

MS CHRISTINE PILLSBURY

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Pillsbury was appointed to the Board of The Hour Glass Limited on 1 December 2022 as an Independent Non-Executive Director. She serves as a member of the Company's Audit Committee and the Nomination and Remuneration Committee.

Ms Pillsbury is a Principal at Hillhouse Investment Management Ltd, a global private equity firm. Prior to joining Hillhouse, she was Partner & Chief Operating Officer for Eighteen48 Partners Ltd, a London-based wealth management firm. Ms Pillsbury has over 25 years of operational and investment experience in Asia Pacific, having served as the Chief Financial Officer for various private equity and health care firms, in addition to working as an investment professional in equity research and portfolio management.

Ms Pillsbury has a Bachelor of Arts degree with Distinction (Cum Laude) from Princeton University and is a CFA charterholder.

KEY EXECUTIVES

THE HOUR GLASS LIMITED
MR NORMAN HO
GROUP GENERAL MANAGER

Mr Ho joined the Company in January 2019 and is responsible for business planning and operations management of the Group. 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.

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 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.

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 regulatory compliance and development of the Group's policies and procedures. Mr Ho holds a Bachelor of Accountancy (Honours) from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

GLAJZ-THG PTE LTD
MR JOHN GLAJZ
MANAGING DIRECTOR

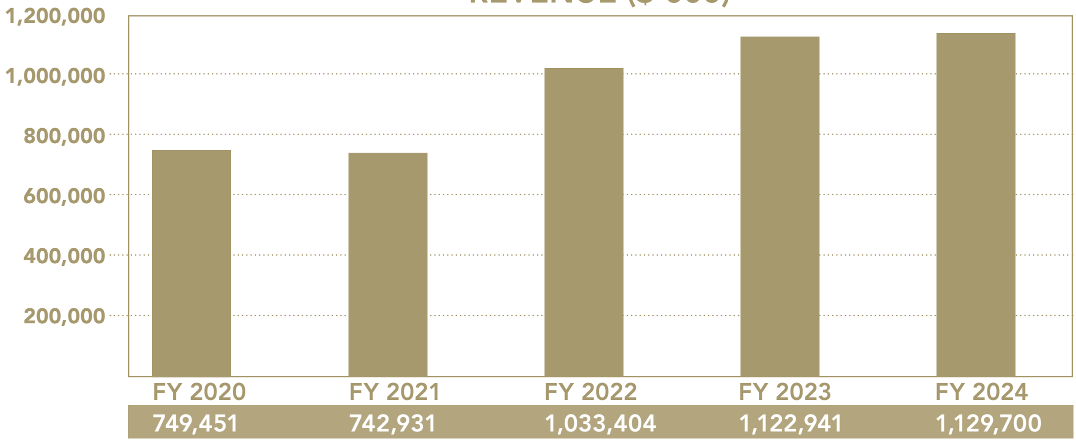
Mr Glajz joined the Company in January 1980 and has more than 40 years of practical experience in the retail and wholesale of fine jewellery. His partnership with The Hour Glass Limited commenced in 1990 through Mondial Jewellers and after the successful sale of the Mondial brand and business in 2004, established a new joint venture vehicle Glajz-THG Pte Ltd, specialising in rare, fancy coloured diamonds and jewellery brand development. The company became an Icon Partner of Argyle Pink Diamonds in 2022. Mr Glajz graduated with a Bachelor of Arts degree from The Australian National University.

FINANCIAL HIGHLIGHTS

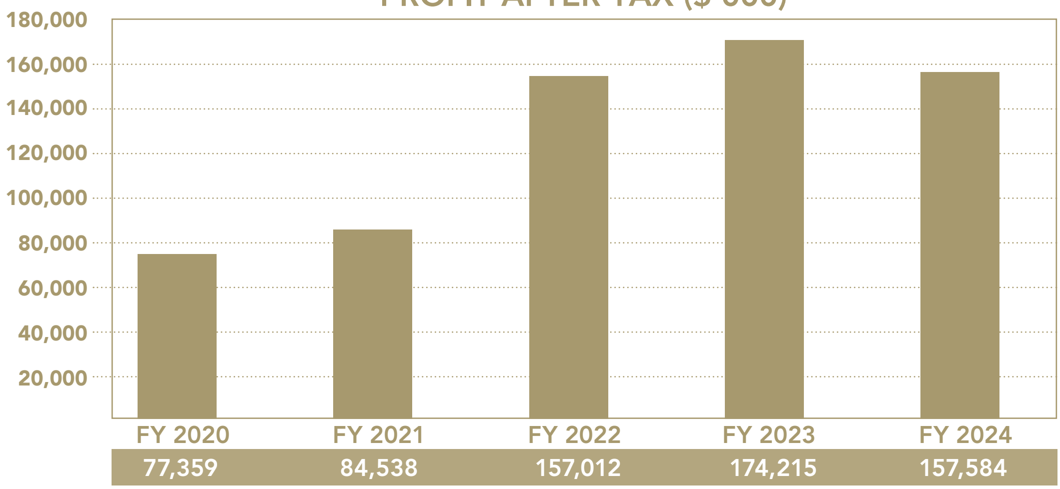
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
FINANCIAL RESULTS	$'000	$'000	$'000	$'000	$'000
Revenue	749,451	742,931	1,033,404	1,122,941	1,129,700
Profit before taxation	95,076	109,891	204,513	219,608	204,621
Profit after tax	77,359	84,538	157,012	174,215	157,584
FINANCIAL POSITIONS	$'000	$'000	$'000	$'000	$'000
Net asset value	607,752	679,951	751,599	774,033	848,404
Inventories	286,425	259,096	254,126	283,538	314,085
Cash and bank balances	183,131	247,872	323,360	244,553	237,573
Loans and borrowings	64,467	105,121	111,037	93,814	83,868
FINANCIAL RATIOS					
Gross margin (%)	28.8	29.2	32.7	33.6	32.2
Net margin (%)	10.3	11.4	15.2	15.5	13.9
Inventory turnover ratio	1.9	2.0	2.7	2.6	2.4
Debt / equity ratio (%)	10.6	15.5	14.8	12.1	9.9
Earnings per share (cents)	10.79	11.71	22.34	25.91	23.87
Net asset value per ordinary share ($)	0.86	0.97	1.10	1.18	1.31
Dividend per ordinary share (cents)	2.00	6.00	8.00	8.00	8.00

FINANCIAL HIGHLIGHTS

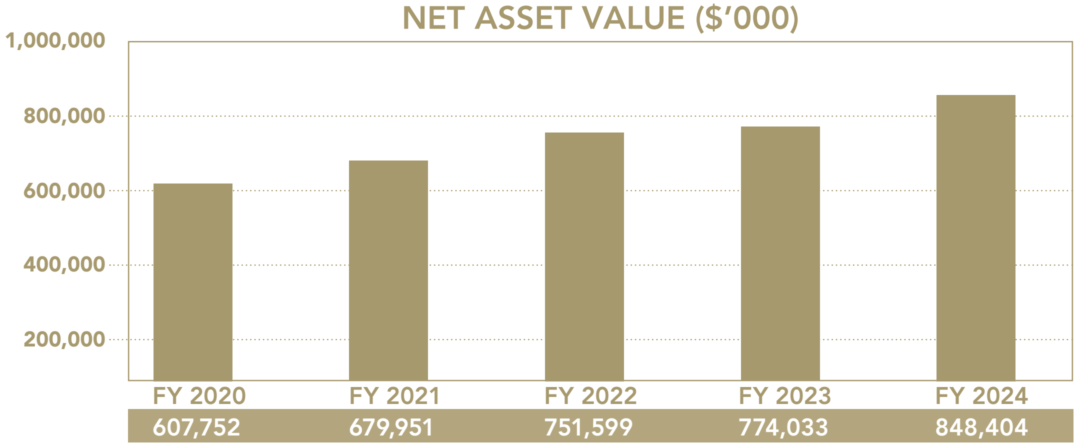
REVENUE ($'000)



PROFIT AFTER TAX ($'000)



NET ASSET VALUE ($'000)



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 31 March 2024, the Group's revenues rose marginally to $1.13 billion whilst profit-after-tax declined by 9.5% to $157.6 million. This performance is broadly within management's expectations and can be attributed to several factors. A softening of watch buying sentiment in Asia from early 2023, a rising operating cost base and, the financial impact of a change in a legislative ruling in New Zealand removing tax depreciation deductions on buildings in March 2024. This policy shift necessitated the accounting adjustment of deferred tax liabilities, resulting in a $4.7 million increase in deferred tax expenses for the financial year relating to the Group's properties in Auckland.

Along with an increased allocation towards capital expenditures in line with our network re-development programme, we have also seen our overall inventory rise from a historic decade low in 2022 to close at $314.1 million. Assessing it over this time frame is important as it highlights two key points. Firstly, we were operating a highly productive, yet unsustainably low level of inventory when the market was peaking in 2022 and secondly, that consumer purchases have slowed and, because brands and their suppliers had added to their production capacity during the pandemic years, inventory levels in all direct owned stores and specialist retail channels have once again reflated to pre-Covid times.

Over the course of the financial year, the Group continued its shareholder return programme by buying back $14.7 million of our own shares from the market. Cash and bank balances were $237.6 million whilst debt, which is attributed solely towards our investments in our real estate portfolio, stood at $83.9 million.

On a consolidated net asset basis, The Hour Glass increased its corporate net worth to $848.4 million or $1.31 per share. During the financial year, an interim dividend of 2.0 cents per ordinary share, amounting to $13.1 million was paid. The Board of Directors are pleased to recommend a final dividend of 6.0 cents per ordinary share. Together with the interim dividend, the total dividend for FY 2024 is $52.1 million.

GENERAL COMMENTARY

Uncertainty, be it economic or geopolitical, has become a certainty in the commentary and predictions of analysts and pundits in the media. Despite major stock indices enjoying all-time highs, the world is beset by many problems, any one of which could tip over into a wider disaster. There are presently two wars taking place—an asymmetric armed conflict in Gaza and a large-scale conventional war in Ukraine—both of which have already impacted the world in a variety of ways. The recent Israel–Hamas war has had more of a political effect across the world, widening divisions and exacerbating the polarisation of politics, particularly in the West. Despite seemingly far removed from luxury watches, political developments, whether in the Middle East or the United States, should not be underestimated. The ongoing Russia–Ukraine war on the other hand has continued to throw energy and food commodity markets into flux, leading to persistent inflation worldwide.

Fuelled by a decade of arguably unsustainable near-zero interest rates in the Western world, inflation has led to higher-for-longer rates in most developed countries and markets we operate in. The effect of these higher rates and corresponding tighter money supply has reversed the once-inexorable rise in asset prices, including those of collectible watches. Warren Buffet characterises it best when he said: "Interest rates are to asset prices like gravity is to apple. They power everything in the economic universe".

All these problems have induced something of a malaise amongst consumers, standing in stark contrast to the positive sentiment they experienced some 12 to 36 months ago. This was apparent in the

CHAIRMAN'S STATEMENT

watch market as well as the wider luxury goods universe, where demand for handbags, cars, and even private jets, far exceeded supply. The shift in consumer psychology is particularly evident considering the massive rallies in the stock markets and cryptocurrencies—Bitcoin is once again closing in on its all-time high—which in more ordinary times would have swiftly translated into an increased appetite for the good things in life. This has simply not happened this time around. One factor is because people can travel freely again, allowing aspirational luxury clients to consume experiences rather than goods. But it is arguably the shift in mindset that is the stronger and more enduring reason. It is not just the loss of the feel-good factor amongst consumers. Many buyers of luxury wares are now adopting a wait-and-see approach since the obvious slowdown implies that one, prices are not likely to rise as frequently and as swiftly as they have the past 3 years, and two, the availability of watches one desires is likely to improve. This is especially so with seasoned watch collectors, who have seen the vagaries of the watch market over the years.

The downturn in demand was first evident in the secondary market, where values began to decline from mid-2022. Some hyped-up watches have seen their secondary market values decline by more than half. This in turn has led to pre-owned watch merchants writing down inventory whilst dealing with a slowdown in sales, and invariably leading to a liquidity crunch in the secondary market. As a result, the consolidation and growth of secondary-market resellers, especially the biggest players that were backed by professional investors, have come to a halt with several attempting to pivot away from reselling as their core business. Although the Rolex Certified Pre-Owned programme has been gradually rolled out in the brand's biggest markets, it is still too early to quantify its full impact on the global secondary market. Which now as it stands, and has always been, a largely fragmented sector dependent on a high-volume, low-margin trade.

The slowing market then began showing up in the primary, new watch market nine months later. By the first quarter of 2024, most major markets were either shrinking or eking out anaemic growth. Presently, the biggest market for Swiss watches is the United States, which accounted for a sixth of Swiss watch exports in the first three months of 2024. Though it remains resilient, the United States enjoyed a mere 0.2% increase in Swiss watch imports for the first quarter of 2024 relative to 2023, a major slowdown over the 15.9% gain compared to 2022. As the world's strongest consumer market, the United States remains one of the last hopes for the watch industry having doubled in size over the past five years to reach CHF4.0 billion in annual Swiss watch shipments. Besides directing more inventory to America, it is also the world's most widely distributed watch market with brands continuing to open more points of sale and host influential global events. LVMH Watch Week, a combined platform for the luxury group's watch and jewellery brands to launch new products and an indicator of their geographic focus for the year, took place in Miami in January 2024, after Singapore in 2023 and Dubai in 2020. The strength of the American market will hinge in a large part on how its elections play out and its long-term rates, which at the time of writing, may appear to stay elevated for some time to come. Although the country's job market has been robust, it is beginning to show signs of weakness. Other indicators, like credit card delinquencies are also flashing red. Its commercial real estate market, teetering on distress. These early warning signals do not bode well for the market and consequently, the wider watch industry.

China and Hong Kong, once the largest destinations for Swiss watch exports, are in 2024, a serious cause of concern for many watchmakers who had projected a softer landing. Swiss watch exports to these two countries for the first three months of 2024 were down 25.0% over the same period last year, but worse yet, in the month of March 2024, registered year-on-year declines of 41.5% and 44.2% respectively. A busted property market, high youth unemployment and widespread pessimism amongst business owners and consumers are behind the lacklustre economy.

CHAIRMAN'S STATEMENT

Japan has been a rare bright spot for the luxury industry, largely thanks to the weak yen. Overall retail sales in Japan have grown over 60.0% since 2019, with much of the increased spending at department stores and luxury boutiques driven by tourists. At some brands, as much as half of sales are now to foreigners, yet strong sales in Japan are not enough to save an industry. History has shown that currency-driven changes in spending markets tend to be temporary rather than permanent as brands eventually adjust prices upwards to shield themselves from margin erosion, which diminishes the purchasing power of the local Japanese buyers.

NEWTON'S LAW OF UNIVERSAL GRAVITATION

One of the founders of the Abstract Expressionist movement Willem de Kooning ascribed his secret to the vertiginous prices his works fetched at auction and eventual art world infamy was his ability to "free himself from gravity". A decade and a half of cheap money coupled with a brief but consequential post-pandemic boom, instilled a false sense of invincibility amongst executives in the luxury sector; many of whom believed that they had finally achieved escape velocity and were hurtling through the doorway of emancipation from the boom-and-bust behaviour of markets. In the past 12 months, these luxonauts have re-entered earth's atmosphere with several already ejecting safety chutes.

The slowdown is apparent in the results of even the largest luxury goods groups. In the first quarter of 2024, LVMH's fashion and leather goods division wrung out organic growth of 2.0%, while watch and jewellery sales fell 2.0%, and wines and spirits continued its quarterly sequential drop of 12.0%, reflecting a similar trend amongst its peers. The same trajectory can be seen in the FY 2024 results for Richemont, which is more focused on watches and jewellery. Its jewellery maisons saw sales rise 6.0%, while its specialist watchmakers endured a 3.0% drop in sales. Notably, Richemont overhauled its management as it announced its results, with chairman Johann Rupert indicating the leadership changes they are making are intended to prepare the Group for a slowdown.

The Hour Glass also felt the onset of this downturn in something as simple as total interest-registration for our most important brands where year-on-year comparisons over a 12-month period saw a decline of 8.0%. Contributing to this are interests registered from prospects (individuals who have never patronised The Hour Glass) which fell more than the rise in interests registered from our existing clientele. We saw this pattern materialise across gender and demographic profiles from ages 30 through to their 60s. The only exception was amongst those born after 1995, where we witnessed net positive interest gains. This implies that one, we are attracting a younger base of clients. Two, that the watch enthusiasts who already shop with us continue to be intrigued by watches and, more importantly, sense that this is an opportunity to acquire what they desire. But it is all too clear that the aspirational clientele once powered by the most abundant fuels in the universe –the 'fear-of-missing-out' and 'you-only-live-once'–are under pressure, with many dropping out entirely. It is no surprise that this comes on the back of floundering secondary market values.

THE GREATER THE OBSTACLE, THE MORE GLORY IN OVERCOMING IT

Slowing growth across the board has led to rising inventory levels at retailers as well as brands, many of which now operate their own store network. Anecdotal evidence also points to sharply higher inventory levels on the grey market, a figure that is largely concealed but will have a significant influence on the primary market. The watchmaking industry has started to acknowledge this, with brands and their suppliers cutting both forecasts and plans. This is happening at a varying rate, depending on the brand's perception of reality, but the first movers have an instant advantage that will strengthen their position in the long run.

Even though the industry has recognised the slowdown, supply will still exceed demand for the most part, as it always has. While this will be negligible for the most desired brands, it will likely be pronounced for second and third-tier marques.

CHAIRMAN'S STATEMENT

Historically, this supply–demand imbalance led to increased grey market sales, more discounting, and narrower margins for authorised retailers. This is likely the scenario for the industry, but it will play out differently depending on the brand and retailer. Once again, the most sought-after brand and the retailers that represent them will fare better. As this slowdown persists and eventually begin to bite hard, I remain confident that there remains a strong horizon of hope for the watch sector to regain its forward momentum.

This brings us back to a point I have made in my chairman's statements for the past several years. The Hour Glass will prosper in the long term only by working with brands we admire and trust, true partners that share our philosophy of patiently building the business with a coherent long-term strategy. Whilst we cherish every moment of our friendships built over decades, we are also not one to dwell on sentiment. Nostalgia is among the most futile of emotions in the management of business relationships. Our management teams are trained to anticipate and adapt, blinkered to the scaling of an organisation that thrives on elevating quality at every touchpoint of our business and over time, emerge to be exceptional in the field of speciality watch retailing. Because today, our most important and farsighted collaborators are more concerned with how we sell and who we sell to, rather than how many and how much we are selling.

ROUNDING OFF

Most people fail not because they make mistakes, but because they never fully commit themselves. We could not have made it through the year if not for the discipline and dedication of all our team members in the Group. From our board members and heads of affiliates down to the most junior specialist on the boutique floor, I express my heartfelt gratitude. To our friends and long-standing business partners, I will be counting on your energy and wise counsel in the year to come.

In his tome—*The Wealth and Poverty of Nations*—historian and horological enthusiast David Landes observed that "If we learn anything from the history of economic development, it is that culture makes all the difference". Culture lies at the epicentre of The Hour Glass' raison d'être. This takes the form of an ever-evolving organisational culture of excellence that has been moulded over the past 45 years, to the distillation of this axiom into an overarching corporate mission which seeks to "Enrich lives with passion by advancing watch culture". Together with my colleagues in the Group, we believe that we can make people happier by sharing with them this hobby of watch collecting and building a community around this pursuit.

One of our principal social engagement initiatives this coming year is the launch of 'IAMWATCH', an informal gathering of leading industry personalities, artisanal watchmakers and enthusiasts that is open to the public from 18th October to 20th October 2024 in Singapore. We hope this milestone edition will ignite the flames of desire amongst those attending and as share owners, I encourage all of you to sign up. I look forward to welcoming you there.

HENRY TAY
Executive Chairman
31 May 2024

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 2024 ***("FY2024")***.

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 2.2 (majority of independent directors where the Chairman is non-independent), 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. These authorisation limits and sub-limits are communicated to management in writing. 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

CORPORATE GOVERNANCE

capitalisation with the risk-based approach to quarterly reporting effective from 7 February 2020, the Board 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, as well as the Annual General Meeting of the Company ***("AGM")***, are scheduled prior to the start of each financial year. In addition to scheduled Board meetings, *ad hoc* meetings of the Board are convened as and when circumstances require. From time to time, management also conducts informal meetings or briefing sessions for the non-executive directors to provide them with more colour and a deeper understanding of the Group's business and operations. Such meetings or sessions typically cover topics such as corporate budgets and updates on the Group's performance. Between scheduled and any *ad hoc* meetings of the Board, matters arising that require the Board's attention are circulated for approval and/or notation to the Board members with supporting documentation. The Board met two times during the financial year at scheduled Board meetings. 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. 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. 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.

Where there are changes in the Board membership or senior executive appointments in the Group, appropriate announcements are made by the Company via SGXNet in accordance with applicable requirements of the Listing Manual which include, in the case of cessation of directors or key management persons, detailed reason(s) for the cessation.

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 related to the Code. All directors holding office as at 31 March 2024 have undergone the requisite one-time training on sustainability matters as prescribed by the SGX-ST under Rule 720(7) of the Listing Manual (effective for financial years commencing on or after 1 January 2022).

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

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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 ongoing 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. 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. Management continued to leverage on the Company's business continuity plan during the financial year and kept the Board regularly informed about any developments, both locally and overseas.

Non-executive directors have separate and independent access to the executive directors, management and the company secretary, and vice versa. As and when needed or requested, management and the executive directors will meet with the non-executive directors as a group to provide briefings and/or updates on developments relating to the Group's business. Such meetings may take the form of *ad hoc* formal Board meetings or informal sessions. 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 the 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 one-third of the Board. The Board currently has eight members, consisting of four independent non-executive directors, two non-independent non-executive directors and two executive directors. None of the directors has an alternate director.

Under Provision 2.2 of the Code, independent directors should make up a majority of the Board where the Chairman is non-independent, that is, when (among others) he is not an independent director or is part of the management team. As the Company's chief executive, the Executive Chairman heads the senior management team. The number of independent directors comprises four out of eight members of the Board. Notwithstanding this, the NRC is of the view that the independent component of the Board (comprising four members (or one-half) of the Board) continues to be effective in providing a balance to the executive component of the Board, which comprises two members (or one-quarter) of the Board. Furthermore, the current number of independent directors is in compliance with Rule 210(5) of the Listing Manual which requires at least one-third of the Board to comprise independent directors.

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 Provision 2.1 of the

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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 Rule 210(5) of the Listing Manual, a director will not be independent (a) if such individual 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; (b) 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; or (c) if such individual has been a director for an aggregate period of more than nine years, in which case, such director may continue to be considered independent until the conclusion of the next AGM of the listed company. As the above listing rules which deem a director not to be independent 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 as and when circumstances require. 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. Each of the independent non-executive directors has served on the Board for less than nine years as at the date of the Company's upcoming AGM on 29 July 2024.

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 monitoring the reporting of performance. It is hence felt that it is not necessary, in the circumstances, for an independent non-executive chairman.

The Company is committed to building a diverse, inclusive, and collaborative culture. It recognises the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board endeavours to achieve an optimal balance and mix in its composition. To this end, the Board has established a Board Diversity Policy that seeks to ensure that the Board will comprise directors appointed based on merit, who as a group possesses an appropriate balance and combination of skills, experience, background, gender, age, ethnicity and other relevant qualities. The policy also has regard to other factors such as board independence and tenure, industry expertise, and geographical experience which can contribute to the quality of the Board's decision-making. Under the Board Diversity Policy, the NRC will, in reviewing and assessing the composition of the Board and making recommendations to the Board on the appointment of new directors, consider aspects such as independent mindedness, core competencies and skills set, track record, experience in high-performing organisations, business acumen and gender. Female candidates are included for consideration by the NRC whenever it seeks to identify a new director for

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appointment to the Board. The NRC will review the structure, size, balance and diversity of the Board annually and propose any changes to the Board to complement the Group's current and mid-term needs and goals. In this regard, the NRC will review and report to the Board annually on the objectives and progress made in achieving an appropriately diverse board composition.

The Company's diversity targets for the Board (broadly categorised into gender, age and tenure, and skills and experience), its plans and timelines for achieving the targets and progress towards achieving the targets are described below.

In relation to gender, the Company's target is to have, and maintain, at least one female director on the Board constituting a 20% to 25% representation of female directors among its independent non-executive directors in the period leading up to 31 March 2026. The Board has achieved and maintained this target for FY2024. In terms of gender representation, the current Board comprises one woman and seven men or is 12.5% female and 87.5% male, and, as among the independent directors, the female gender representation is 25%. The Company believes that having a mix of men and women on the Board provides different approaches and perspectives for consideration in the Board's deliberations.

In relation to age and tenure, the Company's target is to ensure that the Board comprises directors represented across different age groups in the period leading up to 31 March 2026, of (a) below 50, (b) 50's to 60's, and (c) 70 and above, and that there is a spread of independent members of the Board with varying tenures of (i) below three years, (ii) three to below six years, and (iii) six to below nine years. The Board has achieved and maintained this target for FY2024. The current Board comprises at least one director in each of these age groups (in particular, one director is below 50, four directors are in their 50's to 60's, and three directors are 70 and above) and at least one independent director is represented in each of the three tenure bands (in particular, one independent director has below three years of service, one independent director has three to below six years of service, and two independent directors have between six to below nine years of service). The Company views age diversity, such as having directors of different ages and across different generations, as an inclusive factor that contributes to the Board's deliberations and believes that tenure diversity among its independent directors would facilitate knowledge continuity about the Company and the Group.

In relation to skills and experience, the Company's target is to ensure that its directors, as a group, possess (a) a variety of skill sets, including professional qualifications and core competencies, which support the work of the Board and Board committees and the needs of the Company; and (b) a mix of management experience, industry knowledge, strategic planning experience and customer-based experience, which help to shape the Company's strategic objectives and provide effective guidance and oversight of management and operations, in the period leading up to 31 March 2026. The Board has achieved and maintained this target for FY2024. The current Board comprises directors who possess the identified core skillsets and experience. In particular, the Board comprises directors who collectively have skills and domain knowledge in business management, accounting and finance and real estate and property, and who collectively have experience in wholesale distribution and retail, investments and real estate development, watch manufacturing and accounting. The Company believes that diversity in skills would facilitate objective and effective decision-making, and that an optimal mix of experience would help bring different perspectives into Board discussions and review of the Group's business and operations.

Even though the Company has achieved its diversity targets since (and including) the financial year ended 31 March 2023 ***("FY2023")*** and maintained its diversity targets for FY2024, the Company will continue to pursue identification and evaluation of suitable candidates to ensure there is diversity (including gender, age, skills and experience) on the Board as part of the phased renewal and refreshment of the Board, and will disclose its progress in future Annual Reports as appropriate. As there were no changes

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to the composition of the Board during the financial year, the diversity of the Board remains largely similar to that in FY2023, save for changes in the age and tenure diversity. In terms of age diversity, two directors transitioned into the age group of "70 and above" over the course of the financial year. In terms of tenure diversity, one independent director transitioned into the tenure band of "three to below six years" and one independent director transitioned into the tenure band of "six to below nine years" over the course of the financial year.

The Board, taking into account the views of the NRC, is of the view that its current composition comprises directors who, as a group, provide the appropriate balance and diversity in terms of skills, knowledge, experience, background, age and gender so as to foster constructive debate and promote an effective, collaborative and inclusive Board.

The Board, taking into account the views of the NRC, 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.

NAME OF DIRECTOR	AGE *	DATE FIRST APPOINTED AS DIRECTOR	DATE LAST RE-APPOINTED/ RE-ELECTED AS DIRECTOR
Dr Henry Tay Yun Chwan	80	11 Aug 1979	29 Jul 2022
Mr Michael Tay Wee Jin	48	15 Aug 2005	25 Jul 2023
Dr Kenny Chan Swee Kheng	70	1 Apr 2004	29 Jul 2022
Mr Lock Wai Han	57	1 Oct 2020	28 Jul 2021
Mr Kuah Boon Wee	57	1 Apr 2011	25 Jul 2023
Mr Liew Choon Wei	70	1 Apr 2017	29 Jul 2022
Mr Jeffry Lee Yu Chern	60	1 Oct 2017	25 Jul 2023
Ms Christine Bullitt Pillsbury	54	1 Dec 2022	25 Jul 2023

* *As at the Company's upcoming AGM on 29 July 2024.*

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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 Yun Chwan, the Executive Chairman of the Company, is a co-founder of The Hour Glass and he is regarded as a controlling shareholder of the Company. His son, Mr Michael Tay Wee Jin, is the Group Managing Director of the Company and a nephew of Dr Kenny Chan Swee Kheng, who is a non-independent non-executive director of the Company 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, 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 Lock Wai Han is the lead independent director and he is also a member of the NRC. The latter is in line with Provision 4.2 of the Code. 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 four members and is chaired by Mr Jeffry Lee Yu Chern. The other members of the NRC are Mr Kuah Boon Wee, Mr Lock Wai Han and Ms Christine Bullitt Pillsbury. The NRC currently comprises three independent non-executive directors and one non-independent non-executive director. The composition is in keeping with the Code and the NRC's terms of reference, that is, the NRC should comprise at least three directors, all non-executive, and the majority of whom, including the NRC chairman should be independent. The NRC met once during the financial year. Between scheduled and any *ad hoc* meetings of the NRC, matters arising that require the NRC's attention are circulated for approval and/or notation to the NRC members with supporting documentation.

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, taking into consideration the relationships and circumstances, including those specified in the Listing Manual and the Code, in particular the circumstances set out in Rule 210(5)(d) of the Listing Manual (circumstances that would deem a director to be not independent) and Provision 2.1 of the Code (definition of independent director), that are relevant in the determination as to whether a director is independent. 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. As at 31 March 2024, none of the independent directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers which may interfere, or be reasonably perceived to interfere, with their independent business judgement in the best interests of the Company.

The NRC is also responsible for reviewing the structure, size and composition of the Board and Board 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. In line with the Board Diversity Policy, the Company strives to include female candidates in its search pool. Due consideration is also given to whether a candidate has previously served on boards of companies with adverse track records or a history of irregularities, and whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a director of the Company. 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. 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. 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, including to facilitate a more diverse slate of candidates being presented for the NRC's and the Board's consideration.

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.

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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 ongoing 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 discharge, 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. As at 31 March 2024, no director holds a significant number of directorships and principal commitments that would hinder his or her ability to diligently discharge his or her duties as a director of the Company.

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 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.

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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. It also considers succession planning for key management positions in consultation with the senior management team, including developing future leaders from within to support the Group's long-term strategy and growth. In general, employees with the requisite competency and leadership potential are identified and nurtured through functional training, mentorship and participation in significant projects. Where there is no suitable internal candidate for a position, the Group will look to external recruitment. 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), 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, so as to align with the interests of shareholders and other stakeholders and promote the long-term success of the Company. When deciding on performance-related remuneration, the

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NRC also takes into account the risk policies of the Company, risk outcomes and time horizon of risks that might be undertaken.

The NRC ensures that remuneration is appropriate to attract, retain and motivate directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term. 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 2024, 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. On 11 January 2023, the SGX-ST introduced Rule 1207(10D) of the Listing Manual which requires enhanced disclosure of the remuneration of directors and chief executive officers. Under new Rule 1207(10D), the names, exact amounts and breakdown of remuneration paid to each individual director and the chief executive officer by the issuer and its subsidiaries must be disclosed in annual reports prepared for financial years ending on or after 31 December 2024. Such breakdown must include (in percentage terms) base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. Pending Rule 1207(10D) becoming operational, such remuneration disclosures may continue to be made by reference to Provision 8.1 of the Code.

For FY2024, 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 Provision 8.1 of 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 four 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 four key management personnel (who are not directors) for the financial year were $7,534,660 and $2,975,657, respectively. The aggregate directors' fees of $499,000 paid to the non-executive directors for the financial year was within the amount of up to $530,000 approved at the AGM on 25 July 2023.

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

CORPORATE GOVERNANCE

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 ongoing 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. The Board, together with the AC, also paid particular attention to the Group's risk of becoming subject to or violating any sanctions-related law or regulation. While there has been no material change in the risk of the Group being subject to any sanctions-related law or regulation, the Group continues to monitor developments and will ensure timely and accurate disclosure to the SGX-ST and other relevant authorities as appropriate.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, the AC 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 2024 to address financial, operational, information technology

CORPORATE GOVERNANCE

and compliance risks, which the Group considers relevant to its operations. However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision-making, losses, fraud or other irregularities.

In addition, the Board has received assurances from the Group Managing Director and Chief Financial Officer that the financial records for the financial year ended 31 March 2024 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 five members and is chaired by Mr Liew Choon Wei. The other members of the AC are Mr Lock Wai Han, Dr Kenny Chan Swee Kheng, Mr Kuah Boon Wee and Ms Christine Bullitt Pillsbury. The AC's current composition of three independent non-executive directors (including the chairman of the AC) and two non-independent non-executive directors is in keeping with Provision 10.2 of the Code which provides that a majority of the AC members, including the chairman of the AC, should be independent directors. It is also in keeping with Section 201(B) of the Companies Act of Singapore (which governs audit committees of companies listed on the SGX-ST) which stipulates, *inter alia*, that (a) the AC shall be composed of at least three or more members of whom a majority shall not be (i) executive directors of the Company or any related corporation; (ii) a spouse, parent, brother, sister, child or adopted child of an executive director of the Company or of any related corporation; or (iii) persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the functions of the AC, and (b) the chairman of the AC is not an executive director or employee of the Company or any related corporation.

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 objectively. During FY2024, 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 or her 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 (including sanctions-related risks) and policies, and the Company's whistle-blowing policy. The AC has explicit authority to investigate any matter within its terms of reference.

During the financial year, the AC met twice. Between scheduled and any *ad hoc* meetings of the AC, matters arising that require the AC's attention are circulated for approval and/or notation to the AC members with supporting documentation. 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

CORPORATE GOVERNANCE

and results of the internal audit procedures, the statements of financial position of the Company and Group, the 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 31 March 2024 were reviewed and discussed by the AC with management and the external auditor:

* Allowance for inventories
* Valuation of investment properties

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

The AC has undertaken a review of all non-audit services provided by the external auditor during the financial year and the fees paid for such services, 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. 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 with 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 FY2024.

The Company has in place a whistle-blowing policy whereby employees 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 policy and procedures provide the Group's employees with well-defined, accessible and trusted channels to report

CORPORATE GOVERNANCE

to the Company any suspected fraud, dishonest acts, misconduct, wrongdoing and/or other improprieties relating to the Group and its officers. The policy sets out that the identity of the whistle-blower will be kept confidential and that the Company will not tolerate victimisation or harassment of whistle-blowers. The Company will ensure protection of whistle-blowers against reprisal and detrimental or unfair treatment, even if the reports prove to be unfounded.

The AC is responsible for oversight and monitoring of whistle-blowing, and oversees the policy and its related procedures. All whistle-blowing reports will be channelled to the AC directly and the Company has designed an independent function to investigate whistle-blowing reports made in good faith. The AC ensures an independent investigation of the reported concern is conducted, appropriate follow up actions are taken and issues raised are properly resolved by the Company. The whistle-blowing policy is made available to all employees on the Company's intranet and is regularly circulated to employees via electronic mail.

The Company's internal audit function resides in-house. 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 internal audit function also reviews the Company's sustainability reporting process. The Company's internal audit function is headed by a manager who, prior to joining the Company in June 2022, has more than ten years of working experience, after graduating with a Bachelor's degree in Business and Commerce from Monash University.

The internal audit manager 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 has, to the best of its ability, maintained its independence from the activities that it audits.

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

SHAREHOLDER RIGHTS AND 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.

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The Company also attends to enquiries from shareholders, analysts and the press. Such enquiries are handled by specifically designated members of senior management as part of the Company's investor relations team. The Company also maintains a website www.thehourglass.com where shareholders and the public can access information on the Group. The website has a dedicated "Investor Relations" section that contains key information for shareholders, investors and other stakeholders, including financial results, press releases, annual and sustainability reports, financial highlights, minutes of past AGMs and the Company's tax governance policy. 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. Shareholders may also submit their questions via email to the investor relations team at ir@thehourglass.com.

The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which facilitated the holding of general meetings by listed entities in Singapore amidst the COVID-19 pandemic, was revoked with effect from 1 July 2023. Separately, pursuant to legislative amendments (with effect from 1 July 2023) to the Companies Act of Singapore, as read with Rule 730A of the Listing Manual and practice guidance issued by the SGX-ST on the conduct of general meetings by issuers on and after 1 July 2023, listed companies are required to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology. Listed companies are guided by the SGX-ST to have regard to the size and needs of their shareholder base and to facilitate shareholder engagement. In this regard, the Company's AGM in respect of the financial year ended 31 March 2023 ***("AGM 2023")*** was convened and held in a wholly physical format at a place in Singapore. The directors' attendance at the AGM 2023 is set out at the end of this report. The Company published the minutes of the AGM 2023 on its corporate website and via SGXNet within one month after such meeting. The Company's upcoming AGM in respect of FY2024 will be held on 29 July 2024 in a wholly physical format in Singapore.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM which sets out all items of the business to be transacted at the AGM, is also advertised in the newspapers.

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. In accordance with practice guidance issued by the SGX-ST, effective from 1 July 2023, shareholders will also be given the opportunity to submit written questions prior to an AGM, and all substantial and relevant comments and queries received by the Company by the cut-off date for the submission of written questions in advance of the relevant AGM will be responded to (at the Company's election) either within a reasonable timeframe prior to such AGM through publication on the Company's corporate website and via SGXNet, or at the AGM itself.

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

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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 (i.e., 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 questions and comments from shareholders relating to the agenda of the general meeting as well as responses from the Board and management. The Company makes these minutes available to shareholders upon their request, in addition to publishing such minutes on its corporate website and the SGX website.

The Company is committed to achieving sustainable income and growth to enhance total shareholder return. 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. The Company currently adopts a guide for declaring dividends of approximately 25% to 50% of distributable profits subject to the considerations described earlier including capital expenditure and other commitments. 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 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 FY2024, which will be published in July 2024.

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.

CORPORATE GOVERNANCE

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 FY2024 were determined based on the following formula, which is substantially similar to that applied in the previous year:

	FY2024 FEE QUANTUM $
BOARD DIRECTORS	
Basic fee	40,000
Attendance fee for each Board meeting	2,000
Attendance fee for each non-scheduled meeting	1,000
LEAD INDEPENDENT DIRECTOR	20,000
AUDIT COMMITTEE	
Chairman	50,000
Member	20,000
NOMINATION AND REMUNERATION COMMITTEE	
Chairman	40,000
Member	15,000

CORPORATE GOVERNANCE

SUMMARY REMUNERATION TABLES – FY2024

(I) DIRECTORS

Name	Position	Salary * %	Bonus # %	Fees %	Other benefits %	Total %
$5,000,000 to below $5,250,000						
Mr Michael Tay Wee Jin	*Group Managing Director*	12%	88%	0%	0%	100%
$2,250,000 to below $2,500,000						
Dr Henry Tay Yun Chwan	*Executive Chairman*	15%	80%	0%	5%	100%
$250,000 to below $500,000						
Dr Kenny Chan Swee Kheng	*Non-Independent Non-Executive Director*	0%	0%	84%	16%	100%
Below $250,000						
Mr Lock Wai Han	*Independent Director*	0%	0%	100%	0%	100%
Mr Kuah Boon Wee	*Non-Independent Non-Executive Director*	0%	0%	100%	0%	100%
Mr Liew Choon Wei	*Independent Director*	0%	0%	100%	0%	100%
Mr Jeffry Lee Yu Chern	*Independent Director*	0%	0%	100%	0%	100%
Ms Christine Bullitt Pillsbury	*Independent Director*	0%	0%	100%	0%	100%

* *Salary includes employer's CPF contribution.*
\# *Accrued for FY2024.*

(II) KEY MANAGEMENT OF THE GROUP *(AS AT 31 MARCH 2024)*

Name of Company	Name	Position
The Hour Glass Limited	Mr Ho Tun Min Norman	Group General Manager
The Hour Glass Limited	Mr Ho Mang Chan	Chief Financial Officer
The Hour Glass Limited	Mr Ng Siak Yong	Chief Administrative Officer
Glajz-THG Pte Ltd	Mr John Glajz	Managing Director

No. of key executives in remuneration bands	FY2024
$1,000,000 to below $1,250,000	1
$500,000 to below $750,000	3

CORPORATE GOVERNANCE

DIRECTORS' ATTENDANCE AT MEETINGS IN FY2024

Board composition and Committees	Board	AC	NRC	AGM
No. of meetings held	2	2	1	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 Lock Wai Han	2	2	1	1
Mr Kuah Boon Wee	2	2	1	1
Mr Liew Choon Wei	2	2	NA	^
Mr Jeffry Lee Yu Chern	2	NA	1	1
Ms Christine Bullitt Pillsbury	2	2	1	1

NA means not applicable.

^ *On medical leave.*

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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:

(a) Directors and employees 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.

(b) They are cautioned against dealing while in possession of material price or trade sensitive non-public information.

(c) 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 and Mr Michael Tay Wee Jin	* $955,092	–
Dr Kenny Chan Swee Kheng	Director	^ $300,000	–

* *This comprises gross rental in respect of a two-year lease of office premises at 12th floor, Tong Building, Singapore, commencing 1 January 2024, leased from AMSTAY Pte Ltd.*

^ *This comprises consultancy fees in respect of a one-year consultancy agreement for the period from 1 April 2024 to 31 March 2025.*

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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 FY2024, 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 2023. The Group will be issuing its Sustainability Report 2024 in July 2024.

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 5 to 7)
- Date of appointment
- Professional qualifications
- Working experience and occupation(s) during the past 10 years

(2) "Corporate Governance" (on page 23)
- Age
- Date of last re-appointment/re-election

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

Director	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
Job Title (e.g., Lead ID, AC Chairman, AC Member etc.)	Refer to "Corporate Directory" on page 3.	Refer to "Corporate Directory" on page 3.	Refer to "Corporate Directory" on page 3.
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the re-election	Dr Tay's re-election was recommended by the NRC and approved by the Board. His leadership, extensive knowledge and experience are invaluable to the Board's oversight of strategic goals and the Group's business direction, and his deep knowledge of the industry and business is beneficial and contributes to the quality of Board deliberations and diversity of perspectives on the Board.	Dr Chan's re-election was recommended by the NRC and approved by the Board. His insights and extensive knowledge of the Group's operations contribute positively to, and complement skillsets and backgrounds of Board members which are relevant to the Company, and contribute to the quality of Board deliberations and diversity of perspectives on the Board.	Mr Lock's re-election was recommended by the NRC and approved by the Board. His background and experience enhance the core competencies and expertise of the Board members, and contribute to the quality of Board deliberations and diversity of perspectives on the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive: Heads the senior management team and provides strategic direction to management of the Group.	Non-Executive	Non-Executive

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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	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
Shareholding interest in the listed issuer and its subsidiaries	Refer to "Directors' Statement" on page 47.	Refer to "Directors' Statement" on page 47.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dr Tay is a substantial shareholder of the Company. His son, Mr Michael Tay Wee Jin, is Group Managing Director of the Company.	Dr Chan is the brother of Dato' Dr Jannie Chan Siew Lee, a deemed substantial shareholder of the Company. He is also the uncle of Mr Michael Tay Wee Jin, Group Managing Director of the Company.	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
Other principal commitments including directorships **Present**	Nil	Nil	CEO and Executive Director, OKH Global Ltd Director, ARA Trust Management (Suntec) Ltd Director, LHT Holdings Ltd Director, Acrophyte Pte Ltd Chairman, Media Literacy Council
Past (for the last 5 years)	Founder President, Hong Kong – Singapore Business Association	Council Member, Singapore Retailers Association	President, ACSOBA Management Committee

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	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(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	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

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	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(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
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

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	Dr Henry Tay Yun Chwan	Dr Kenny Chan Swee Kheng	Mr Lock Wai Han
If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.			
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes*	No	No

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

Financial Statements

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of The Hour Glass Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2024.

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 2024 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 Lock Wai Han
Mr Kuah Boon Wee
Mr Liew Choon Wei
Mr Jeffry Lee Yu Chern
Ms Christine Bullitt Pillsbury

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 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Ordinary shares of the Company				
Henry Tay Yun Chwan	65,003,368	52,003,368	377,172,869	377,172,869
Michael Tay Wee Jin	27,004,098	40,004,098	–	36,881,200
Kenny Chan Swee Kheng	2,725,497	2,725,497	448,878	448,878
Immediate and ultimate holding company - TYC Investment Pte Ltd				
Class A shares				
Henry Tay Yun Chwan	1	1	–	–
Ordinary shares				
Michael Tay Wee Jin	252,499	252,499	–	–

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2024.

By virtue of Section 4 of the Singapore Securities and Futures Act 2001, Dr Henry Tay Yun Chwan is deemed to have interests in the shares of the subsidiaries held by TYC Investment Pte Ltd including the shares held by it in the Company and the shares of the subsidiaries held by the Company.

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

Share options

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

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

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

Audit Committee

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

Mr Liew Choon Wei (Chairman)
Mr Kuah Boon Wee
Dr Kenny Chan Swee Kheng
Mr Lock Wai Han
Ms Christine Bullitt Pillsbury

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 1967, 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.

Audit Committee (cont'd)

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
31 May 2024

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2024
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 2024, 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 material accounting policy information.

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 1967 (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 2024 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.

Key Audit Matters (cont'd)

Areas of focus	How our audit addressed the risk factors
Allowance for inventories The Group's inventories amounted to $314,085,000 as at 31 March 2024. The Group carries a range of luxury watches, jewellery and other luxury products as merchandise for resale. The Group records its inventories at the lower of cost and net realisable value. The determination of net realisable value is subject to significant estimation uncertainty, in particular because the saleability and margins of luxury watches and jewellery are affected by factors such as changing consumer demand, fashion trends, supply-related scarcity, and economic uncertainties. There is significant management judgement involved in setting expectations about future sales of slow-moving inventory items. Accordingly, we have identified this to be a key audit matter. Refer to Note 2.15 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 20 (inventories).	• We involved the component auditors in our audit of the Group's inventories. • 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 2024
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
Valuation of investment properties The Group's investment properties amounted to $156,266,000 as at 31 March 2024. 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. 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. These valuation results are based on the relevant market conditions prevailing at the reporting date, which are subject to change after the reporting period. 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. Refer to Note 2.8 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 14 (investment properties).	• We involved the component auditors in our audit of the Group's investment properties. • 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.

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 2024
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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 May 2024

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 $'000	2023 $'000
Revenue	4	1,129,700	1,122,941
Other income	5	16,702	13,706
Revenue and other income		1,146,402	1,136,647
Cost of goods sold		766,484	745,519
Employee benefits expense		72,970	71,529
Selling and promotion expenses		38,909	34,678
Depreciation of property, plant and equipment	12	13,345	11,728
Depreciation of right-of-use assets	13	30,566	28,538
Rental expenses		6,655	7,683
Finance costs	6	6,680	5,893
Foreign exchange loss		926	1,317
Other expenses	7	21,974	21,555
Costs and expenses		(958,509)	(928,440)
Impairment loss on goodwill	15	–	(5,480)
Fair value gain/(loss) on investment properties		1,153	(4,532)
Share of results of associates		15,575	21,413
Profit before taxation	8	204,621	219,608
Income tax expense	9	(47,037)	(45,393)
Profit for the year		157,584	174,215
Profit attributable to:			
Owners of the Company		156,485	172,365
Non-controlling interests		1,099	1,850
		157,584	174,215
Earnings per share (cents)			
Basic and diluted	11	23.87	25.91

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 2024

	2024 $'000	2023 $'000
Profit for the year	157,584	174,215
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Net surplus on revaluation of freehold premises	–	145
	–	145
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(14,656)	(41,582)
Share of other comprehensive income of associates	(37)	–
	(14,693)	(41,582)
Other comprehensive income for the year, net of tax	(14,693)	(41,437)
Total comprehensive income for the year	142,891	132,778
Total comprehensive income attributable to:		
Owners of the Company	141,669	131,231
Non-controlling interests	1,222	1,547
	142,891	132,778

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Assets					
Non-current assets					
Property, plant and equipment	12	203,121	232,257	11,452	9,973
Right-of-use assets	13	87,473	68,882	44,262	43,736
Investment properties	14	156,266	119,122	5,192	5,192
Intangible assets	15	6,734	4,606	2,828	604
Investment in subsidiaries	16	–	–	184,261	166,258
Investment in associates	17	82,713	73,828	–	–
Other receivables	18	8,064	9,077	3,788	5,160
Deferred tax assets	19	497	623	141	416
		544,868	508,395	251,924	231,339
Current assets					
Inventories	20	314,085	283,538	196,884	181,418
Trade and other receivables	18	33,804	18,127	16,588	8,231
Prepaid operating expenses		1,828	1,224	871	530
Amounts due from associates	21	187	112	91	–
Amounts due from subsidiaries	22	–	–	6,709	5,764
Cash and bank balances	23	237,573	244,553	100,115	117,847
		587,477	547,554	321,258	313,790
Total assets		1,132,345	1,055,949	573,182	545,129
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	83,868	93,814	–	–
Trade and other payables	25	63,335	71,600	26,211	28,843
Amounts due to subsidiaries	22	–	–	3,587	4,992
Amounts due to associates	21	105	–	104	–
Lease liabilities	26	29,916	29,236	18,603	19,283
Income tax payable		18,217	22,643	13,943	16,567
		195,441	217,293	62,448	69,685
Net current assets		392,036	330,261	258,810	244,105
Non-current liabilities					
Lease liabilities	26	62,056	44,858	27,919	27,832
Deferred tax liabilities	19	11,981	5,748	–	–
Other non-current liabilities		434	318	–	–
		74,471	50,924	27,919	27,832
Total liabilities		269,912	268,217	90,367	97,517
Net assets		862,433	787,732	482,815	447,612
Equity attributable to owners of the Company					
Share capital	27(a)	67,638	67,638	67,638	67,638
Treasury shares	27(b)	(104,701)	(89,991)	(104,701)	(89,991)
Reserves	28	885,467	796,386	519,878	469,965
		848,404	774,033	482,815	447,612
Non-controlling interests		14,029	13,699	–	–
Total equity		862,433	787,732	482,815	447,612
Total equity and liabilities		1,132,345	1,055,949	573,182	545,129

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 2024

	Attributable to owners of the Company								
	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Asset revaluation reserve $'000	Revenue reserve $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance at 1 April 2022	67,638	(34,677)	(6,600)	(142)	3,303	722,077	751,599	15,941	767,540
Profit for the year	–	–	–	–	–	172,365	172,365	1,850	174,215
Other comprehensive income:									
Net surplus on revaluation of freehold premise	–	–	–	–	145	–	145	–	145
Foreign currency translation	–	–	(41,279)	–	–	–	(41,279)	(303)	(41,582)
Total other comprehensive income	–	–	(41,279)	–	145	–	(41,134)	(303)	(41,437)
Total comprehensive income for the year	–	–	(41,279)	–	145	172,365	131,231	1,547	132,778
Contributions by and distributions to owners									
Purchase of treasury shares (Note 27(b))	–	(55,314)	–	–	–	–	(55,314)	–	(55,314)
Dividends on ordinary shares (Note 10)	–	–	–	–	–	(53,483)	(53,483)	–	(53,483)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(3,668)	(3,668)
Return of capital to non-controlling interests of subsidiary	–	–	–	–	–	–	–	(121)	(121)
Total transactions with owners in their capacity as owners	–	(55,314)	–	–	–	(53,483)	(108,797)	(3,789)	(112,586)
Balance at 31 March 2023	67,638	(89,991)	(47,879)	(142)	3,448	840,959	774,033	13,699	787,732

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 2024

	Attributable to owners of the Company								
	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Asset revaluation reserve $'000	Revenue reserve $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group (cont'd)									
Balance at 1 April 2023	67,638	(89,991)	(47,879)	(142)	3,448	840,959	774,033	13,699	787,732
Profit for the year	–	–	–	–	–	156,485	156,485	1,099	157,584
Other comprehensive income:									
Foreign currency translation	–	–	(14,779)	–	–	–	(14,779)	123	(14,656)
Share of other comprehensive income of associates	–	–	(37)	–	–	–	(37)	–	(37)
Total other comprehensive income	–	–	(14,816)	–	–	–	(14,816)	123	(14,693)
Total comprehensive income for the year	–	–	(14,816)	–	–	156,485	141,669	1,222	142,891
Contributions by and distributions to owners									
Purchase of treasury shares (Note 27(b))	–	(14,710)	–	–	–	–	(14,710)	–	(14,710)
Dividends on ordinary shares (Note 10)	–	–	–	–	–	(52,588)	(52,588)	–	(52,588)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(892)	(892)
Total transactions with owners in their capacity as owners	–	(14,710)	–	–	–	(52,588)	(67,298)	(892)	(68,190)
Balance at 31 March 2024	67,638	(104,701)	(62,695)	(142)	3,448	944,856	848,404	14,029	862,433

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 2024

	Share capital $'000	Treasury shares $'000	Revenue reserve $'000	Total equity $'000
Company				
Balance at 1 April 2022	67,638	(34,677)	392,317	425,278
Profit for the year, representing total comprehensive income for the year	–	–	131,131	131,131
Contributions by and distributions to owners				
Purchase of treasury shares (Note 27(b))	–	(55,314)	–	(55,314)
Dividends on ordinary shares (Note 10)	–	–	(53,483)	(53,483)
Total transactions with owners in their capacity as owners	–	(55,314)	(53,483)	(108,797)
Balance at 31 March 2023 and 1 April 2023	67,638	(89,991)	469,965	447,612
Profit for the year, representing total comprehensive income for the year	–	–	102,501	102,501
Contributions by and distributions to owners				
Purchase of treasury shares (Note 27(b))	–	(14,710)	–	(14,710)
Dividends on ordinary shares (Note 10)	–	–	(52,588)	(52,588)
Total transactions with owners in their capacity as owners	–	(14,710)	(52,588)	(67,298)
Balance at 31 March 2024	67,638	(104,701)	519,878	482,815

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 $'000	2023 $'000
Operating activities			
Profit before taxation		204,621	219,608
Adjustments for:			
Finance costs		6,680	5,893
Interest income		(4,649)	(2,049)
Depreciation of property, plant and equipment		13,345	11,728
Depreciation of right-of-use assets		30,566	28,538
Amortisation of intangible assets		527	365
Amortisation of deferred income		(96)	(104)
Foreign currency translation adjustment		(1,801)	(3,038)
Net loss on disposal of property, plant and equipment		78	106
Loss on revaluation of property, plant and equipment		529	–
Impairment loss on goodwill		–	5,480
Fair value (gain)/loss on investment properties		(1,153)	4,532
Share of results of associates		(15,575)	(21,413)
Operating cash flows before changes in working capital		233,072	249,646
Increase in inventories		(32,681)	(35,137)
Increase in trade and other receivables		(14,078)	(1,035)
Increase in prepaid operating expenses		(614)	(449)
Increase in amounts due from associates		(79)	(30)
Decrease in trade and other payables		(6,818)	(50)
Increase in amounts due to associates		105	–
Cash flows from operations		178,907	212,945
Income taxes paid		(45,246)	(48,285)
Interest paid		(6,680)	(5,893)
Interest received		4,649	2,049
Net cash flows from operating activities		131,630	160,816
Investing activities			
Payments for purchase of property, plant and equipment		(16,731)	(93,536)
Additions to intangible assets		(2,659)	(505)
Payments for purchase of investment property		(9,765)	–
Proceeds from disposal of property, plant and equipment		518	28
Proceeds from disposal of investment property		–	6,080
Dividend received from an associate		2,819	–
Net cash flows used in investing activities		(25,818)	(87,933)
Financing activities			
Proceeds from loans and borrowings		–	47,958
Repayment of loans and borrowings		(8,810)	(48,135)
Payment of principal portion of lease liabilities		(31,079)	(28,584)
Return of capital to non-controlling interests of subsidiary		–	(121)
Dividends paid to non-controlling interests		(892)	(3,668)
Dividends paid on ordinary shares		(52,588)	(53,483)
Purchase of treasury shares		(14,710)	(55,314)
Net cash flows used in financing activities		(108,079)	(141,347)
Net decrease in cash and cash equivalents		(2,267)	(68,464)
Effect of exchange rate changes on cash and cash equivalents		(4,713)	(10,343)
Cash and cash equivalents at 1 April		244,553	323,360
Cash and cash equivalents at 31 March	23	237,573	244,553

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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 Company's immediate and ultimate holding company is TYC Investment Pte Ltd, a company incorporated in Singapore.

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. Material accounting policy information

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 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

<u>International Tax Reform – Pillar Two</u>

The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules and has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference in Global Anti-Base Erosion effective tax rate for each jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect, but the Group does not expect the impact to be material.

2. Material accounting policy information (cont'd)

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) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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.

2. Material accounting policy information (cont'd)

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

(a) Basis of consolidation (cont'd)

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.

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. Material accounting policy information (cont'd)

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.

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, fittings and equipment	–	2 to 10 years
Motor vehicles	–	5 years

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

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

An item of property, plant and equipment is 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 properties 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 Company 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, investment in subsidiaries is accounted for at cost less impairment losses.

2. Material accounting policy information (cont'd)

2.10 Intangible assets

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

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

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

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 consists of 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 amount 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 were 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.

2. Material accounting policy information (cont'd)

2.11 Associates (cont'd)

Under the equity method, investment in associates is 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 amount and recognises the amount in profit or loss.

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

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

2.12 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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. Material accounting policy information (cont'd)

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

<u>Debt instruments</u>

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

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

(i) Amortised cost

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

2. Material accounting policy information (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

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 (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

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

2. Material accounting policy information (cont'd)

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 amount 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.

2.17 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. Material accounting policy information (cont'd)

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.

(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 13 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.

2. Material accounting policy information (cont'd)

2.20 Leases (cont'd)

As lessor

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

2.21 Revenue

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

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

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

(a) Sale of goods

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

(b) Rental income

Rental income arising from operating leases on 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.

2.22 Taxes

(a) Current income tax

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

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

2. Material accounting policy information (cont'd)

2.22 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.

2. Material accounting policy information (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

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

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

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

2.23 Share capital and share issuance expenses

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

2.24 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.

2.25 Contingencies

A contingent liability is:

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

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

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

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

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

3. Significant accounting judgements and estimates

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

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

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

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

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

	Group		**Company**	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
Deferred tax assets	497	623	141	416
Income tax payable	18,217	22,643	13,943	16,567
Deferred tax liabilities	11,981	5,748	–	–

(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 2024, potential future (undiscounted) cash outflows of approximately $6,117,000 (2023: $5,663,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

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

3.2 Key sources of estimation uncertainty

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

(a) Allowance for inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying amounts 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 20 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 requires 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. 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. The carrying amount of the Group's property, plant and equipment at 31 March 2024 was $203,121,000 (2023: $232,257,000).

(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.

4. Revenue

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

(a) *Disaggregation of revenue from contracts with customers*

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

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

(b) *Contract liabilities*

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

	Group		
	31 March		1 April
	2024	**2023**	**2022**
	$'000	$'000	$'000
Deposits from customers (Note 25)	8,274	13,480	17,774

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 the sale of watches, jewellery and other luxury products.

Significant changes in contract liabilities are highlighted as follows:

	Group	
	2024	**2023**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	9,790	11,153

5. Other income

	Group	
	2024	**2023**
	$'000	$'000
Rental income	8,474	7,953
Interest income from cash and bank balances	4,649	2,049
Management fee income from associates	2,185	2,125
Others	1,394	1,579
	16,702	13,706

6. Finance costs

	Group 2024 $'000	Group 2023 $'000
Interest on loans and borrowings	4,366	3,907
Interest on lease liabilities	2,314	1,986
	6,680	5,893

7. Other expenses

	Group 2024 $'000	Group 2023 $'000
Net loss on disposal of property, plant and equipment	78	106
Loss on revaluation of property, plant and equipment	529	–
Facility costs	9,208	9,153
Professional fees	3,430	3,514
General and administrative expenses	8,729	8,782
	21,974	21,555

8. Profit before taxation

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

	Note	Group 2024 $'000	Group 2023 $'000
Employee benefits expense (including executive directors):			
- Salaries, bonuses and other costs		68,045	66,813
- Contributions to defined contribution plans		4,925	4,716
Directors' fees		673	533
Audit fees:			
- Auditor of the Company		311	304
- Other auditors		284	294
Non-audit fees – audit-related services:			
- Auditor of the Company		8	11
- Other auditors		28	9
Non-audit fees – non-audit-related services:			
- Auditor of the Company		87	162
- Other auditors		292	107
Bad debts written off (trade)		190	–
Allowance for expected credit losses (non-trade)	18	–	408
Write back of allowance for expected credit losses (non-trade)	18	(408)	(84)

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2024 and 2023 are:

	Group	
	2024	**2023**
	$'000	$'000
Consolidated income statement:		
Current income tax		
- Current income taxation	40,535	45,056
- (Over)/under provision in respect of previous years	(10)	139
	40,525	45,195
Deferred income tax		
- Origination and reversal of temporary differences	6,710	92
- (Over)/under provision in respect of previous years	(198)	106
	6,512	198
Income tax expense recognised in profit or loss	47,037	45,393

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 2024 and 2023 are as follow:

	Group	
	2024	**2023**
	$'000	$'000
Profit before taxation	204,621	219,608
Less: share of results of associates	(15,575)	(21,413)
	189,046	198,195
Tax calculated using Singapore corporate tax rate of 17% (2023: 17%)	32,138	33,693
Adjustments:		
Non-deductible expenses	1,986	4,164
Non-taxable income	(777)	(798)
Effect of different tax rates in other countries	9,355	8,207
Effect of partial tax exemption and tax relief	(148)	(121)
(Over)/under provision in respect of previous years	(208)	245
Removal of tax depreciation on commercial buildings in New Zealand (Note 19)	4,702	–
Others	(11)	3
Income tax expense recognised in profit or loss	47,037	45,393

10. Dividends

	Group and Company	
	2024	**2023**
	$'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 2023: 6.00 cents (2022: 6.00 cents)	39,484	40,312
- Interim exempt (one-tier) dividend in respect of the year ended 31 March 2024: 2.00 cents (2023: 2.00 cents)	13,104	13,171
	52,588	53,483

On 28 May 2024, the Board of Directors has recommended a final dividend of 6.00 cents per ordinary share for the year ended 31 March 2024 (2023: 6.00 cents), amounting to approximately $38,996,000 (2023: $39,484,000). This is subject to the approval of the shareholders of the Company at the Annual General Meeting to be held on 29 July 2024.

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 2024 and 2023:

	Group	
	2024	**2023**
	$'000	$'000
Profit for the year attributable to owners of the Company	156,485	172,365
	'000	'000
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	655,438	665,295

12. Property, plant and equipment

	Freehold land and premises $'000	Leasehold premises $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
At 1 April 2022	124,515	6,979	73,032	1,262	205,788
Additions	83,198	–	10,313	25	93,536
Disposals/write-offs	–	–	(988)	–	(988)
Transferred from investment properties (Note 14)	31,273	–	–	–	31,273
Transferred to investment properties (Note 14)	(776)	–	–	–	(776)
Foreign currency translation adjustment	(22,862)	(145)	(4,594)	(11)	(27,612)
At 31 March 2023 and 1 April 2023	215,348	6,834	77,763	1,276	301,221
Additions	838	–	15,790	103	16,731
Disposals/write-offs	(8)	–	(6,003)	(45)	(6,056)
Transferred to investment properties	(29,056)	–	–	–	(29,056)
Foreign currency translation adjustment	(2,959)	90	(1,590)	–	(4,459)
At 31 March 2024	184,163	6,924	85,960	1,334	278,381
Accumulated depreciation and impairment loss:					
At 1 April 2022	12,206	1,513	47,711	540	61,970
Depreciation charge for the year	2,672	164	8,655	237	11,728
Disposals/write-offs	–	–	(854)	–	(854)
Transferred to investment properties	(145)	–	–	–	(145)
Foreign currency translation adjustment	(1,079)	(30)	(2,616)	(10)	(3,735)
At 31 March 2023 and 1 April 2023	13,654	1,647	52,896	767	68,964
Depreciation charge for the year	2,791	163	10,194	197	13,345
Disposals/write-offs	–	–	(5,414)	(46)	(5,460)
Transferred to investment properties	(425)	–	–	–	(425)
Foreign currency translation adjustment	(177)	18	(1,006)	1	(1,164)
At 31 March 2024	15,843	1,828	56,670	919	75,260
Net carrying amount:					
At 31 March 2024	168,320	5,096	29,290	415	203,121
At 31 March 2023	201,694	5,187	24,867	509	232,257

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

The freehold land and premises, leasehold premises and assets under construction held by the Group as at 31 March 2024 are as follows:

(a) Freehold land and premises (at cost)

	Group	
	2024	**2023**
	$'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	8,763	8,874
389 square metres office unit at 70 Castlereagh Street, Sydney	2,654	2,686
1,180 square metres shop and office unit at 252 Collins Street, Melbourne	23,501	23,783
1,027 square metres shop and office unit at 192 Pitt Street, Sydney	38,704	38,840
2,056 square metres shop and office unit at 151-171 Edward Street and 211 Elizabeth Street, Brisbane	76,170	77,080
2,566 square metres shop and office unit at 190 Edward Street, Brisbane	–	28,883
New Zealand		
911 square metres shop and office unit at 90-92 Queen Street, Auckland	24,231	24,912
Malaysia		
805 square metres office units at Wisma UOA II at 21 Jalan Pinang, Kuala Lumpur	2,476	2,626
	184,163	215,348

Transfers between investment properties and property, plant and equipment

During the financial year, the Group reclassified 2,566 square metres shop and office unit at 190 Edward Street, Brisbane to investment properties due to the change of use of the premise (Note 14). During the last financial year, the property was reclassified from investment properties due to the change of use of the premise.

The effects of the transfer during the financial year are as follows:

	2024
	$'000
Revalued amount as at the date of transfer (Note 14)	28,102
Net carrying amount as at the date of transfer	28,631
Loss on revaluation in profit and loss	(529)

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

(a) *Freehold land and premises (at cost) (cont'd)*

Transfers between investment properties and property, plant and equipment (cont'd)

During the last financial year, the Group reclassified 281 square metres office units at Wisma UOA II at 21 Jalan Pinang, Kuala Lumpur to investment properties due to the change of use of the premise (Note 14).

The effects of the transfer are as follows:

	2023
	$'000
Revalued amount as at the date of transfer (Note 14)	776
Net carrying amount as at the date of transfer	631
Revaluation surplus in other comprehensive income	145

The premises were revalued to their fair values on the date of change in use. The valuations were performed by accredited independent valuers with recent experience in the location and category of the property being valued.

Certain freehold land and premises with net carrying amount of $119,348,000 (2023: $173,089,000) are charged to secure the Group's bank loans (Note 24).

(b) *Leasehold premises (at cost)*

	Group	
	2024	**2023**
	$'000	$'000
Singapore		
564 square metres warehouse unit at Eunos 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	5,247	5,157
	6,924	6,834

(c) *Assets under construction (at cost)*

The Group's property, plant and equipment included the following amounts which relate to expenditure for assets under construction:

	Group	
	2024	**2023**
	$'000	$'000
Furniture, fittings and equipment	6,427	3,595

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

	Freehold land and premises $'000	Leasehold premises $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 April 2022	7,664	1,677	28,844	918	39,103
Additions	–	–	2,619	–	2,619
Disposals/write-offs	–	–	(718)	–	(718)
At 31 March 2023 and 1 April 2023	7,664	1,677	30,745	918	41,004
Additions	–	–	5,321	–	5,321
Disposals/write-offs	–	–	(3,384)	–	(3,384)
At 31 March 2024	7,664	1,677	32,682	918	42,941
Accumulated depreciation:					
At 1 April 2022	4,392	551	23,553	277	28,773
Depreciation charge for the year	154	58	2,599	165	2,976
Disposals/write-offs	–	–	(718)	–	(718)
At 31 March 2023 and 1 April 2023	4,546	609	25,434	442	31,031
Depreciation charge for the year	153	58	3,439	165	3,815
Disposals/write-offs	–	–	(3,357)	–	(3,357)
At 31 March 2024	4,699	667	25,516	607	31,489
Net carrying amount:					
At 31 March 2024	2,965	1,010	7,166	311	11,452
At 31 March 2023	3,118	1,068	5,311	476	9,973

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 2022	179,918	109,956
Additions	1,735	780
Lease modifications	3,044	1,510
Disposals/write-offs	(6,587)	–
Foreign currency translation adjustment	(3,632)	–
At 31 March 2023 and 1 April 2023	174,478	112,246
Additions	22,734	8,299
Lease modifications	27,656	12,140
Disposals/write-offs	(9,126)	(3,240)
Foreign currency translation adjustment	(1,955)	–
At 31 March 2024	213,787	129,445
Accumulated depreciation:		
At 1 April 2022	80,806	50,427
Depreciation charge for the year	28,538	18,083
Disposals/write-offs	(1,836)	–
Foreign currency translation adjustment	(1,912)	–
As at 31 March 2023 and 1 April 2023	105,596	68,510
Depreciation charge for the year	30,566	19,913
Disposals/write-offs	(9,126)	(3,240)
Foreign currency translation adjustment	(722)	–
At 31 March 2024	126,314	85,183
Net carrying amount:		
At 31 March 2024	87,473	44,262
At 31 March 2023	68,882	43,736

14. Investment properties

Statements of financial position

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
At 1 April	119,122	178,913	5,192	11,272
Additions	9,765	–	–	–
Disposals	–	(6,080)	–	(6,080)
Transferred from property, plant and equipment (Note 12)	28,102	776	–	–
Transferred to property, plant and equipment (Note 12)	–	(31,273)	–	–
Gain/(loss) from fair value adjustments recognised in profit or loss	1,153	(4,532)	–	–
Foreign currency translation adjustment	(1,876)	(18,682)	–	–
At 31 March	156,266	119,122	5,192	5,192

Income statement

	Group	
	2024	**2023**
	$'000	$'000
Rental income from investment properties	4,093	5,824
Direct operating expenses arising from investment properties that generated rental income	1,684	2,326

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 34.

14. Investment properties (cont'd)

The investment properties held by the Group as at 31 March 2024 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
42 square metres unit at Centrepoint at 176 Orchard Road, Singapore	Shop	Leasehold	54 years
612 square metres unit at Eunos Warehouse Complex at Kaki Bukit Road 2, Singapore	Warehouse	Leasehold	17 years
1,643 square metres unit at 139 Collins Street, Melbourne, Australia	Shop and office	Freehold	NA
536 square metres unit at 181 Collins Street, Melbourne, Australia	Shop and storage	Freehold	NA
752 square metres unit at 201 Elizabeth Street, Brisbane, Australia	Shop and office	Freehold	NA
2,566 square metres unit at 190 Edward Street, Brisbane, Australia	Shop and office	Freehold	NA
853 square metres unit at 112-116 Queen Street, Auckland, New Zealand	Shop and office	Freehold	NA
1,204 square metres unit at 101 Queen Street, Auckland, New Zealand	Shop and office	Freehold	NA
397 square metres office units at Wisma UOA II at 21 Jalan Pinang, Kuala Lumpur, Malaysia	Office	Freehold	NA

Certain investment properties with carrying amount of $83,428,000 (2023: $75,474,000) are charged to secure the Group's bank loans (Note 24).

15. Intangible assets

	Goodwill $'000	Brands $'000	Customer relationships $'000	Software $'000	Total $'000
Group					
Cost:					
At 1 April 2022	10,407	4,801	928	2,649	18,785
Additions	–	–	–	505	505
Foreign currency translation adjustment	(1,201)	(25)	(107)	–	(1,333)
At 31 March 2023 and 1 April 2023	9,206	4,776	821	3,154	17,957
Additions	–	–	–	2,659	2,659
Foreign currency translation adjustment	(252)	(4)	(22)	–	(278)
At 31 March 2024	8,954	4,772	799	5,813	20,338
Accumulated amortisation and impairment loss:					
At 1 April 2022	4,225	682	928	2,277	8,112
Amortisation charge for the year	–	92	–	273	365
Impairment loss	5,480	–	–	–	5,480
Foreign currency translation adjustment	(499)	–	(107)	–	(606)
At 31 March 2023 and 1 April 2023	9,206	774	821	2,550	13,351
Amortisation charge for the year	–	92	–	435	527
Foreign currency translation adjustment	(252)	–	(22)	–	(274)
At 31 March 2024	8,954	866	799	2,985	13,604
Net carrying amount:					
At 31 March 2024	–	3,906	–	2,828	6,734
At 31 March 2023	–	4,002	–	604	4,606

Brands relate to various brand names that were acquired in business combinations. Included in carrying amount of brands is an amount of $178,000 (2023: $182,000) with indefinite useful life. The remaining balance of $3,728,000 (2023: $3,820,000) has a remaining amortisation period of 40 (2023: 41) years.

Software has average remaining amortisation periods of 2 (2023: 2) years.

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.

During the last financial year, the Group recognised an impairment loss on goodwill of $5,480,000 in the consolidated income statement to write down the carrying amount of the CGU to its estimated recoverable amount.

15. Intangible assets (cont'd)

	Software
	$'000
Company	
Cost:	
At 1 April 2022	2,649
Additions	505
At 31 March 2023 and 1 April 2023	3,154
Additions	2,659
At 31 March 2024	5,813
Accumulated amortisation:	
At 1 April 2022	2,277
Amortisation charge for the year	273
At 31 March 2023 and 1 April 2023	2,550
Amortisation charge for the year	435
At 31 March 2024	2,985
Net carrying amount:	
At 31 March 2024	2,828
At 31 March 2023	604

Intangible assets under development (at cost)

The Group's and Company's intangible assets included the following amounts which relate to expenditure for intangible assets under development:

	Group and Company	
	2024	**2023**
	$'000	$'000
Software	1,681	35

16. Investment in subsidiaries

	Company	
	2024	**2023**
	$'000	$'000
Shares, at cost	184,261	166,258

16. Investment in subsidiaries (cont'd)

Details of the subsidiaries as at 31 March are:

	Name of company/ Principal activities	Principal place of business and incorporation	Percentage of equity held by the Group 2024 %	Percentage of equity held by the Group 2023 %	Cost of investments 2024 $'000	Cost of investments 2023 $'000
	Held by the Company					
	Retailing and distribution of watches, jewellery and related products					
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	99,002	99,002
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	52,423	35,790
③	The Hour Glass (Taiwan) Limited Company	Republic of China	100	100	25	25
②	The Hour Glass (Shanghai) Co., Limited	People's Republic of China	100	100	2,045	675
③	The Hour Glass (Macau) Limited	Macau	100	100	– *	– *
	Investment holding					
②④	The Hour Glass Holding (Thailand) Co., Ltd	Thailand	49	49	2	2
					184,261	166,258
	Held through subsidiaries					
	Retailing and distribution of watches, jewellery and related products					
②④	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		

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.

* Unpaid share capital.

16. Investment in subsidiaries (cont'd)

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

	Glajz-THG Pte Ltd	
	2024	**2023**
	%	%
Proportion of ownership interest held by NCI	40	40

	2024	**2023**
	$'000	$'000
Profit after tax allocated to NCI	921	1,619
Accumulated NCI at the end of the reporting period	12,991	12,792
Dividends paid to NCI	892	3,668

Summarised financial information about subsidiary with material NCI

	2024	**2023**
	$'000	$'000
Statement of financial position		
Non-current assets	295	406
Current assets	35,838	35,074
Current liabilities	(3,487)	(3,220)
Non-current liabilities	(169)	(280)
Net assets	32,477	31,980
Statement of comprehensive income		
Revenue	33,556	42,195
Profit for the year, representing total comprehensive income for the year	2,302	4,048
Other summarised information		
Net cash flows from/(used in) operations	501	(398)

17. Investment in associates

The Group's investment in associates is summarised below:

	Group 2024 $'000	Group 2023 $'000
THG Prima Times Co., Ltd and its subsidiaries	82,713	73,828

Name of company/ Principal activities	Principal place of business and incorporation	Proportion of ownership interest 2024 %	Proportion of ownership interest 2023 %
Held through subsidiary			
Retailing and distribution of watches and other luxury products			
① THG Prima Times Co., Ltd	Thailand	49	49
Held through associates			
Retailing and distribution of watches and related products			
① Royal Paragon Watch Limited	Thailand	49	49
② THG Prima Times (Vietnam) Company Limited	Vietnam	49	49
Retailing and distribution of watches and leasing of building, furniture, equipment and properties			
① Siam Dynasty Limited	Thailand	49	49

① Audited by PricewaterhouseCoopers ABAS Ltd, Thailand.

② Audited by PwC (Vietnam) Limited, Vietnam.

17. Investment in associates (cont'd)

The summarised financial information of the associate material to the Group, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

	THG Prima Times Co., Ltd and its subsidiaries	
	2024	**2023**
	$'000	$'000
Statement of financial position		
Current assets	160,183	138,589
Non-current assets	32,476	24,401
Total assets	192,659	162,990
Current liabilities	12,114	13,071
Non-current liabilities	14,597	3,031
Total liabilities	26,711	16,102
Net assets	165,948	146,888
Add: Foreign currency translation adjustment	(522)	768
	165,426	147,656
Proportion of the Group's ownership	50%	50%
Group's share of net assets/carrying amount of the investment	82,713	73,828
Statement of comprehensive income		
Revenue	236,076	240,685
Profit for the year	31,150	42,826
Other comprehensive income	(73)	–
Total comprehensive income for the year	31,077	42,826

18. Trade and other receivables

	Note	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Trade and other receivables (current)					
Trade receivables		15,392	8,275	5,484	1,390
Other receivables		12,066	7,346	7,077	5,426
Deposits		6,346	2,506	4,027	1,415
		33,804	18,127	16,588	8,231
Other receivables (non-current)					
Deposits		8,064	9,077	3,788	5,160
Total trade and other receivables (current and non-current)		41,868	27,204	20,376	13,391
Representing:					
- Financial assets		40,595	26,715	20,376	13,391
- Non-financial assets (comprising of GST receivable and others)		1,273	489	–	–
Financial assets		40,595	26,715	20,376	13,391
Add:					
- Amounts due from associates	21	187	112	91	–
- Amounts due from subsidiaries	22	–	–	6,709	5,764
- Cash and bank balances	23	237,573	244,553	100,115	117,847
Total financial assets carried at amortised cost		278,355	271,380	127,291	137,002

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

18. Trade and other receivables (cont'd)

Expected credit losses

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 April	1,018	844	408	141
Allowance for expected credit losses (Note 8)	–	408	–	408
Write back of allowance for expected credit losses (Note 8)	(408)	(84)	(408)	(28)
Written-off	(498)	(107)	–	(113)
Foreign currency translation adjustment	(2)	(43)	–	–
At 31 March	110	1,018	–	408

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	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
British Pound	84	–	84	–
Swiss Franc	5,522	5,013	5,332	3,846
Australian Dollar	43	248	–	–
Euro	430	541	430	541
Singapore Dollar	112	3	–	–

19. Deferred tax assets/(liabilities)

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
As presented in the statements of financial position				
Deferred tax assets	497	623	141	416
Deferred tax liabilities	(11,981)	(5,748)	–	–
	(11,484)	(5,125)	141	416

19. 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	
	2024	2023	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities								
Property, plant and equipment*	(9,329)	(8,259)	1,207	(127)	–	–	(536)	(495)
Investment properties*	(4,307)	–	4,391	–	–	–	–	–
Business combinations	(545)	(560)	(16)	(16)	–	–	–	–
Other temporary differences	(193)	(68)	126	(7)	–	–	–	–
	(14,374)	(8,887)					(536)	(495)
Deferred tax assets								
Provisions and other temporary differences	2,118	2,864	693	(107)	–	–	292	336
Leases	772	865	85	199	–	–	385	575
Investment properties	–	33	26	256	–	–	–	–
	2,890	3,762	6,512	198	–	–	677	911

* During the current financial year, the Group recorded deferred tax expense of $4,702,000 (2023: $Nil) (Note 9) due to tax legislation change in New Zealand which removed tax depreciation on buildings and resulted in additional recognition of deferred tax liabilities on certain properties of the Group.

Movement in deferred income tax account is as follows:

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
At 1 April	(5,125)	(5,679)	416	587
Recognised in profit or loss	(6,512)	(198)	(275)	(171)
Foreign currency translation adjustment	153	752	–	–
At 31 March	(11,484)	(5,125)	141	416

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

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 March 2024, 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 $149,273,000 (2023: $127,638,000). The deferred tax liability is estimated to be $13,111,000 (2023: $11,253,000).

Tax consequences of proposed dividends

There are no income tax consequences for 2024 and 2023 attached to the dividends to the shareholders proposed by the Company and hence no liability has been recognised in the financial statements (Note 10).

20. Inventories

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
Statements of financial position				
Finished goods at lower of cost and net realisable value	314,085	283,538	196,884	181,418

	Group	
	2024	**2023**
	$'000	$'000
Income statement		
Inventories recognised as an expense in cost of sales	777,218	759,318
Reversal of allowance for inventories	(194)	(2,550)

The reversal of allowance for inventories was made when the related inventories were sold above their net carrying amounts during the year.

21. Amounts due from/(to) associates

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
Amounts due from associates - trade	96	112	–	–
Amounts due from associates - non trade	91	–	91	–
Total amounts due from associates	187	112	91	–
Amounts due to associates - non trade	(105)	–	(104)	–

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.

22. Amounts due from/(to) subsidiaries

	Company	
	2024	2023
	$'000	$'000
Amounts due from subsidiaries		
- Trade	241	24
- Non-trade	6,468	5,740
	6,709	5,764
Amounts due to subsidiaries		
- Trade	(87)	(588)
- Non-trade	(3,500)	(4,404)
	(3,587)	(4,992)
	3,122	772

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.

23. 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	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Cash at bank and on hand	99,287	179,361	31,855	77,625
Fixed deposits with banks	138,286	65,192	68,260	40,222
	237,573	244,553	100,115	117,847

Cash at bank and fixed deposits with banks earn interest at floating rates based on prevailing 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	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Swiss Franc	1,918	4,117	327	552
Singapore Dollar	15,260	15,422	–	–
United States Dollar	41,185	30,860	34,689	25,265
Others	58	117	5	88

24. Loans and borrowings

	Group 2024	Group 2023
	$'000	$'000
Secured bank loans	83,868	93,814

(a) As at 31 March 2024, the Group's secured bank loans of $83,868,000 (2023: $93,814,000) are repayable within 12 months after the reporting date. Interest is charged at rates ranging from 4.38% to 5.41% (2023: 0.93% to 6.14%) per annum.

The bank loans are secured by a 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 31).

The secured loans are denominated in the following currencies:

	Group 2024	Group 2023
	$'000	$'000
Australian Dollar	83,868	85,760
New Zealand Dollar	–	8,054
	83,868	93,814

(b) 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 (2023: $Nil).

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

	2023	Cash flows	Foreign exchange movement (non-cash)	2024
	$'000	$'000	$'000	$'000
Loans and borrowings	93,814	(8,810)	(1,136)	83,868

	2022	Cash flows	Foreign exchange movement (non-cash)	2023
	$'000	$'000	$'000	$'000
Loans and borrowings	111,037	(177)	(17,046)	93,814

25. Trade and other payables

	Note	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Trade and other payables					
Trade payables		22,334	29,214	6,489	7,584
Deposits from customers		8,274	13,480	1,963	4,162
Accruals		24,387	25,157	15,469	15,738
Provisions		567	788	–	150
Other payables		7,773	2,961	2,290	1,209
Total trade and other payables		63,335	71,600	26,211	28,843
Representing:					
- Financial liabilities		58,258	68,319	22,908	26,640
- Non-financial liabilities (comprising of GST payable and others)		5,077	3,281	3,303	2,203
Financial liabilities		58,258	68,319	22,908	26,640
Add:					
- Loans and borrowings	24	83,868	93,814	–	–
- Amounts due to associates	21	105	–	104	–
- Amounts due to subsidiaries	22	–	–	3,587	4,992
- Lease liabilities	26	91,972	74,094	46,522	47,115
Total financial liabilities carried at amortised cost		234,203	236,227	73,121	78,747

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 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Singapore Dollar	163	266	–	–
Swiss Franc	2,259	4,284	495	1,153
Others	262	269	202	383

26. Lease liabilities

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
At 1 April	74,094	105,321	47,115	63,361
Additions	22,537	1,622	8,239	750
Lease modifications	27,656	3,044	12,140	1,510
Disposals/write-offs	–	(4,751)	–	–
Payments	(33,393)	(30,570)	(22,346)	(19,656)
Accretion of interest	2,314	1,986	1,374	1,150
Foreign currency translation adjustment	(1,236)	(2,558)	–	–
At 31 March	91,972	74,094	46,522	47,115
Current	29,916	29,236	18,603	19,283
Non-current	62,056	44,858	27,919	27,832
	91,972	74,094	46,522	47,115

The Group also has certain leases of office equipment and premises 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.

The following are the amounts recognised in profit or loss:

	Group	
	2024	**2023**
	$'000	$'000
Depreciation of right-of-use assets	30,566	28,538
Interest expense on lease liabilities	2,314	1,986
Variable lease payments which do not depend on an index or rate (included in rental expenses)	4,663	6,249
Expense relating to short-term and/or low-value leases (included in rental expenses)	388	91
Expense relating to short-term and/or low-value leases (included in other expenses)	124	108
Total amount recognised in profit or loss	38,055	36,972

The Group had total cash outflow for leases of $38,568,000 in 2024 (2023: $37,018,000).

27. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2024		2023	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
Balance at beginning of the year and end of the year	705,012	67,638	705,012	67,638

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

(b) *Treasury shares*

	Group and Company			
	2024		2023	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 April	(46,485)	(89,991)	(22,433)	(34,677)
Acquired during the financial year	(8,598)	(14,710)	(24,052)	(55,314)
At 31 March	(55,083)	(104,701)	(46,485)	(89,991)

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

The Company acquired 8,598,000 (2023: 24,052,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $14,710,000 (2023: $55,314,000) and this was presented as a component within shareholders' equity.

28. Reserves

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Revenue reserve	944,856	840,959	519,878	469,965
Foreign currency translation reserve	(62,695)	(47,879)	–	–
Asset revaluation reserve	3,448	3,448	–	–
Capital reserve	(142)	(142)	–	–
Total reserves	885,467	796,386	519,878	469,965

28. Reserves (cont'd)

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 is used to record 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 is used to record the effects of change in ownership interests in a subsidiary when there is no change in control.

29. Related party transactions

(a) Sale and purchase of goods and services

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

	Sale of goods $'000	Purchase of goods $'000	Service fee expense $'000	Rental expense $'000	Rental income $'000	Commission expense $'000	Royalty income $'000
2024							
Associates	222	(65)	(104)	–	–	–	11
Directors and close family members of directors of the Company	834	–	(600)	–	–	–	–
Directors-related companies	–	–	(32)	(421)	28	–	–
Key management personnel	131	–	–	(120)	–	–	–
2023							
Associates	7	(58)	–	–	–	(3)	–
Directors and close family members of directors of the Company	688	–	(600)	–	–	–	–
Directors-related companies	–	–	(131)	(402)	28	–	–
Key management personnel	79	–	–	(120)	–	–	–

29. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group 2024 $'000	Group 2023 $'000
Short-term employee benefits	10,431	11,054
Contributions to defined contribution plans	79	86
Total compensation paid to key management personnel	10,510	11,140
Comprise amounts paid to:		
- Directors of the Company	7,535	8,126
- Other key management personnel	2,975	3,014
	10,510	11,140

30. Commitments

(a) *Capital commitments*

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

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Capital expenditure in respect of property, plant and equipment and intangible assets:				
Not later than one year	6,050	2,069	1,212	1,291
Later than one year but not later than five years	1,530	–	–	–
	7,580	2,069	1,212	1,291

(b) *Operating lease commitments – As lessor*

The Group and the Company have entered into commercial property leases on its properties. 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	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Not later than one year	7,940	7,259	218	121
Later than one year but not later than five years	17,186	19,394	249	331
Later than five years	2,616	5,372	–	–
	27,742	32,025	467	452

30. Commitments (cont'd)

(c) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases on certain properties for office and retail use 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	
	2024	**2023**	**2024**	**2023**
	$'000	$'000	$'000	$'000
Not later than one year	395	2,158	–	2,050
Later than one year but not later than five years	26,679	5,410	–	5,000
Later than five years	30,205	–	–	–
	57,279	7,568	–	7,050

31. Contingent liabilities and other commitments

Guarantees

The Company has provided corporate guarantees for bank loans of $83,868,000 (2023: $93,814,000) obtained by subsidiaries (Note 24). The bank loans are repayable within the next 12 months.

32. Segment information

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

Reporting format

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

Geographical segments

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

Business segment

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

32. Segment information (cont'd)

Allocation basis and transfer pricing

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

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

Geographical segments

The following table presents revenue, capital expenditure and certain assets and liabilities information regarding the Group's geographical segments for the years ended 31 March 2024 and 2023.

	South East Asia and Oceania $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
2024						
Segment revenue:						
Sales to external customers	990,999	138,701	1,129,700	–		1,129,700
Inter-segment sales	7,884	–	7,884	(7,884)	A	–
Interest income	3,772	877	4,649	–		4,649
Other income	59,453	22	59,475	(47,422)	B	12,053
Revenue and other income	1,062,108	139,600	1,201,708	(55,306)		1,146,402
Segment results:						
Segment results	205,946	26,235	232,181	(37,608)	C	194,573
Finance costs [(1)]						(6,680)
Fair value gain on investment properties						1,153
Share of results of associates						15,575
Profit before taxation						204,621
Income tax expense						(47,037)
Profit for the year						157,584
Other segment information:						
Segment assets	938,360	111,272	1,049,632	–		1,049,632
Investment in associates	82,713	–	82,713	–		82,713
						1,132,345
Segment liabilities	232,795	37,117	269,912	–		269,912
Capital expenditure for the year	19,368	22	19,390	–		19,390
Depreciation and amortisation [(2)]	37,583	6,855	44,438	–		44,438

(1) Includes interest on lease liabilities

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

32. 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
2023						
Segment revenue:						
Sales to external customers	1,002,437	120,504	1,122,941	–		1,122,941
Inter-segment sales	5,139	81	5,220	(5,220)	A	–
Interest income	1,886	163	2,049	–		2,049
Other income	73,013	37	73,050	(61,393)	B	11,657
Revenue and other income	1,082,475	120,785	1,203,260	(66,613)		1,136,647
Segment results:						
Segment results	245,809	22,521	268,330	(54,230)	C	214,100
Finance costs [(1)]						(5,893)
Impairment loss on goodwill	(5,480)	–	(5,480)	–		(5,480)
Fair value loss on investment properties						(4,532)
Share of results of associates						21,413
Profit before taxation						219,608
Income tax expense						(45,393)
Profit for the year						174,215
Other segment information:						
Segment assets	881,304	100,817	982,121	–		982,121
Investment in associates	73,828	–	73,828	–		73,828
						1,055,949
Segment liabilities	240,074	28,143	268,217	–		268,217
Capital expenditure for the year	93,795	246	94,041	–		94,041
Depreciation and amortisation [(2)]	33,769	6,862	40,631	–		40,631

(1) Includes interest on lease liabilities

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

32. 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 dividend, management fee, royalty and interest income 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	
	2024	**2023**
	$'000	$'000
Inter-company (income)/expenses	(5)	7
Inter-company dividend income	(37,603)	(54,237)
Total	(37,608)	(54,230)

33. 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. The Group's loans and 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.

As at the end of the reporting period, if the interest of the floating rate loans and borrowings had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been $587,000 (2023: $658,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

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

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).

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 $58,421,000 and $35,021,000 (2023: $50,516,000 and $25,905,000) 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), Chinese Yuan (CNY), Macau Pataca (MOP), New Taiwan Dollar (TWD), Thai Baht (BAHT) and Vietnamese Dong (VND). The Group's net investments in foreign operations are not hedged as they are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonable possible change in the USD and CHF exchange rates against SGD, with all other variables held constant, of the Group's profit net of tax. The Group's exposure to foreign currency changes for all other currencies is not material.

	Group	
	2024	**2023**
	Profit net of tax	**Profit net of tax**
	$'000	$'000
USD		
- Strengthened 5% (2023: 5%)	1,707	1,273
- Weakened 5% (2023: 5%)	(1,707)	(1,273)
CHF		
- Strengthened 5% (2023: 5%)	229	208
- Weakened 5% (2023: 5%)	(229)	(208)

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 2024, the Group has available cash and bank balances totalling approximately $237,573,000 (2023: $244,553,000) 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.

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

Liquidity risk (cont'd)

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

	2024		
Group	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Trade and other receivables	32,531	8,064	40,595
Amounts due from associates	187	–	187
Cash and bank balances	237,573	–	237,573
Total undiscounted financial assets	270,291	8,064	278,355
Financial liabilities			
Trade and other payables	58,258	–	58,258
Loans and borrowings	83,912	–	83,912
Amounts due to associates	105	–	105
Lease liabilities	32,615	65,447	98,062
Total undiscounted financial liabilities	174,890	65,447	240,337
Total net undiscounted financial assets/(liabilities)	95,401	(57,383)	38,018

	2023		
Group	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Trade and other receivables	17,638	9,077	26,715
Amounts due from associates	112	–	112
Cash and bank balances	244,553	–	244,553
Total undiscounted financial assets	262,303	9,077	271,380
Financial liabilities			
Trade and other payables	68,319	–	68,319
Loans and borrowings	94,093	–	94,093
Lease liabilities	30,692	46,372	77,064
Total undiscounted financial liabilities	193,104	46,372	239,476
Total net undiscounted financial assets/(liabilities)	69,199	(37,295)	31,904

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

Liquidity risk (cont'd)

	2024		
Company	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Trade and other receivables	16,588	3,788	20,376
Amount due from associates	91	–	91
Amounts due from subsidiaries	6,709	–	6,709
Cash and bank balances	100,115	–	100,115
Total undiscounted financial assets	123,503	3,788	127,291
Financial liabilities			
Trade and other payables	22,908	–	22,908
Amounts due to associates	104	–	104
Amounts due to subsidiaries	3,587	–	3,587
Lease liabilities	19,865	29,221	49,086
Total undiscounted financial liabilities	46,464	29,221	75,685
Total net undiscounted financial assets/(liabilities)	77,039	(25,433)	51,606

	2023		
Company	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets			
Trade and other receivables	8,231	5,160	13,391
Amounts due from subsidiaries	5,764	–	5,764
Cash and bank balances	117,847	–	117,847
Total undiscounted financial assets	131,842	5,160	137,002
Financial liabilities			
Trade and other payables	26,640	–	26,640
Amounts due to subsidiaries	4,992	–	4,992
Lease liabilities	20,156	28,573	48,729
Total undiscounted financial liabilities	51,788	28,573	80,361
Total net undiscounted financial assets/(liabilities)	80,054	(23,413)	56,641

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. It is the Group's policy to transact with creditworthy counterparties. In addition, receivable balances are monitored on an ongoing 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 ongoing basis throughout each reporting period.

Simplified approach

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

General approach

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

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

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

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

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

Exposure to credit risk

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

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and 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.

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

Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (trade and other receivables).

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

34. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

There was no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 March 2024 and 2023.

(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 year:

	Group			
	31 March 2024			
	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 un-observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Recurring fair value measurements				
Assets				
Non-financial assets:				
Investment properties (Note 14)	–	–	156,266	156,266
Total non-financial assets	–	–	156,266	156,266

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

(b) Assets and liabilities measured at fair value

	Group			
	31 March 2023			
	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 un-observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Recurring fair value measurements				
Assets				
Non-financial assets:				
Investment properties (Note 14)	–	–	119,122	119,122
Total non-financial assets	–	–	119,122	119,122

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

(c) Level 3 fair value measurements

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

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

Description	Fair Value	Valuation Techniques	Unobservable Inputs	Range
	$'000			
At 31 March 2024				
Investment properties	156,266	Capitalisation approach	Capitalisation rate [1]	Shops: 4.00% - 5.81%
		Direct comparison method	Price per square metre [2]	Shops: $30,136 - $164,063 Warehouse: $2,368 - $3,767 Office: $2,476 - $2,556
		Discounted cash flow	Discount rate [3]	Shops: 5.00% - 7.00%
			Terminal yield [4]	Shops: 4.25% - 5.81%
At 31 March 2023				
Investment properties	119,122	Capitalisation approach	Capitalisation rate [1]	Shops: 3.50% - 5.25%
		Direct comparison method	Price per square metre [2]	Shops: $36,310 - $166,023 Warehouse: $1,909 - $3,058 Office: $2,626 - $2,711
		Discounted cash flow	Discount rate [3]	Shops: 5.00% - 6.25%
			Terminal yield [4]	Shops: 3.75% - 5.50%

[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.

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

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

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

During the year, the Group recognised a fair value gain of $1,153,000 (2023: loss of $4,532,000) 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.

35. Capital management

Capital includes debt and equity items.

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

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

The Group monitors the capital based on net cash and debt-to-equity ratio. The debt-to-equity ratio is calculated as loans and borrowings divided by equity attributable to owners of the Company. There were no changes to the Group's approach to capital management during the year.

	Group	
	2024	**2023**
	$'000	$'000
Loans and borrowings	(83,868)	(93,814)
Equity attributable to owners of the Company	848,404	774,033
Debt-to-equity ratio	9.9%	12.1%

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Directors on 31 May 2024.

STATISTICS OF SHAREHOLDINGS AS AT 7 JUNE 2024

Number of Issued Shares (including Treasury Shares)	:	705,011,880
Number of Treasury Shares	:	55,082,900
Number of Issued Shares (excluding Treasury Shares)	:	649,928,980
Number of Subsidiary Holdings [1]	:	Nil
Percentage of Aggregate Number of Treasury Shares and Subsidiary Holdings against Number of Issued Shares	:	7.81%
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 1967.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	53	2.25	2,290	0.00
100 - 1,000	305	12.93	181,740	0.03
1,001 - 10,000	1,013	42.94	5,073,379	0.78
10,001 - 1,000,000	964	40.86	48,400,842	7.45
1,000,001 and above	24	1.02	596,270,729	91.74
Total :	**2,359**	**100.00**	**649,928,980**	**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 2024, approximately 26.69% of its ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		No. of Shares	
Name	Direct	% ①	Deemed	% ①
TYC Investment Pte Ltd	340,291,669	52.01	–	–
Dr Henry Tay Yun Chwan	52,003,368	8.00	377,172,869②	58.03②
Mr Michael Tay Wee Jin	40,004,098	6.16	36,881,200③	5.67③
AMSTAY Pte Ltd	36,881,200	5.23	–	–
Dato' Dr Jannie Chan Siew Lee	99,300	0.01	340,291,669④	48.27④

① "%" No. of Shares as reflected in the Register of Substantial Shareholders:

(a) for TYC Investment Pte Ltd, was based on 654,238,880 issued ordinary shares (excluding treasury shares);

(b) for Dr Henry Tay Yun Chwan, was based on 649,928,980 issued ordinary shares (excluding treasury shares);

(c) for Mr Michael Tay Wee Jin, was based on 649,928,980 issued ordinary shares (excluding treasury shares); and

(d) for AMSTAY Pte Ltd and Dato' Dr Jannie Chan Siew Lee, 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 and AMSTAY Pte Ltd.

③ Mr Michael Tay Wee Jin's deemed interest arises from his interest in AMSTAY Pte Ltd.

④ Dato' Dr Jannie Chan Siew Lee's deemed interest arises from her interest in TYC Investment Pte Ltd.

TWENTY LARGEST SHAREHOLDERS AS AT 7 JUNE 2024

No.	Name	No. of Shares	%
1	TYC INVESTMENT PTE LTD	340,291,669	52.36
2	HSBC (SINGAPORE) NOMINEES PTE LTD	52,946,921	8.15
3	HENRY TAY YUN CHWAN	52,003,368	8.00
4	TAY WEE JIN MICHAEL (ZHENG WEIJUN MICHAEL)	40,004,098	6.16
5	DBS NOMINEES (PRIVATE) LIMITED	22,911,030	3.53
6	PHILLIP SECURITIES PTE LTD	21,178,763	3.26
7	CITIBANK NOMINEES SINGAPORE PTE LTD	16,807,402	2.59
8	RAFFLES NOMINEES (PTE.) LIMITED	10,839,621	1.67
9	ONG YEK SIANG	5,786,323	0.89
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,465,465	0.84
11	DB NOMINEES (SINGAPORE) PTE LTD	5,127,000	0.79
12	CHIA KUM HO	3,020,000	0.46
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,921,308	0.45
14	UOB KAY HIAN PRIVATE LIMITED	2,809,565	0.43
15	DBSN SERVICES PTE. LTD.	1,778,031	0.27
16	TAY MAY YI SABRINA	1,763,486	0.27
17	OCBC SECURITIES PRIVATE LIMITED	1,757,351	0.27
18	NG KWONG CHONG OR LIU OI FUI IVY	1,721,328	0.26
19	AUDREY TAY MAY LI (ZHENG MEILI)	1,618,486	0.25
20	YEO SENG CHONG	1,275,000	0.20
	Total :	**592,026,215**	**91.10**

Note: Percentages have been arithmetically rounded to two decimals.

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