



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: The Hour Glass Limited

Security: The Hour Glass Limited

Meeting details:

Date: 30 July 2018

Time: 10.00 a.m.

Venue: Singapore Marriott Tang Plaza Hotel, Ballroom III, Level 3, 320 Orchard Road, Singapore 238865

Company Description

The Hour Glass Limited, an investment holding company, retails and distributes watches, jewelry, and other luxury products in South East Asia, Australia, and North East Asia. It operates boutiques. The company also invests in properties. The Hour Glass Limited was founded in 1979 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AGS)

1. As noted in the Chairman's Statement, the luxury watch market enjoyed a pronounced turnaround in the last 12 months driven by a strong global economy and revived demand from Chinese shoppers. Swiss watch exports surged and the strength continued into 2018. It is expected that the upturn will continue for the next 12 to 18 months.

- (i) Can management help shareholders understand if it had benefitted from the "pronounced turnaround" in the last 12 months?** Although profit-after-tax grew by 2% in 2018, revenue registered by the group actually slipped by 1% to \$696 million.
- (ii) The Chairman has further mentioned that "*the swiftness of this market recovery appears to have caught many watchmakers, and retailers, by surprise.*" Was the group one of the retailers who was caught by surprise?**
- (iii) With the expected upturn to last for the next 12 to 18 months, what are management's strategies to seize this opportunity?**
- (iv) As demonstrated by Richemont's push for online retailing, has the board considered and planned for a future where third party retailers get disintermediated and previously thought indelible partnerships fail?**

2. Would management also elaborate further on the regional/expansion plans? Specifically:

- (i) Vietnam: The group set up a joint venture company in Vietnam for the purpose of retailing and distribution of watches and related products. Can management provide better visibility on the expansion plans in Vietnam? How is it going to enter the market? Has management evaluated the size of the luxury Swiss watch market in Vietnam?**
- (ii) Real estate: What is the progress of the redevelopment of 252 Collins Street? When is the redevelopment expected to be completed? In addition, can management help shareholders understand the reason(s) for the continued decline in rental income?**

3. In the Corporate Governance Report, the company has disclosed the following transaction:

During the financial year, the following transaction was conducted with an interested person 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 of the SGX-ST during the financial year.

Name of interested person	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 (an associate of Dr Henry Tay Yun Chwan and Mr Michael Tay Wee Jin)	*\$1,066,464	-

* Comprises gross rental in respect of 3-year lease renewal of office premises at 12th floor, Tong Building, Singapore, commencing January 2018, leased from Amstay Pte Ltd.

(Source: Company annual report)

The footnote states that the amount of \$1,066,464 “comprises gross rental in respect of 3-year lease renewal of office premises at 12th floor, Tong Building, Singapore, commencing January 2018, leased from Amstay Pte Ltd” (page 33).

- (i) **Can the company clarify if this is a “lease renewal” or a new lease entered into with Amstay Pte Ltd?**
- (ii) **If this is a renewal of lease, are there changes in the circumstances of the interested person(s) that led this to be classified as an “interested persons transaction” in this year but not in prior years?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=228

The company's response could be found here: -----