

THE HOUR GLASS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 197901972D)

PROPOSED ACQUISITION OF A PROPERTY IN BRISBANE, AUSTRALIA

1. INTRODUCTION

The Hour Glass Limited (the “Company”, together with its subsidiaries, collectively the “Group”) wishes to announce that The Hour Glass (Australia) Pty Ltd (“THGA”), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “SPA”) with 190 Edward St Pty Ltd as trustee for BAMPS Trust (as vendor) for the acquisition by THGA of the freehold property located at 190 Edward Street, Brisbane, in Australia (the “Property”).

2. THE PROPERTY

The Property is an eight-storey retail and commercial office building occupying a site area of approximating 455 sqm, within the main luxury retail precinct in the heart of Brisbane’s central business district.

The Property has a gross lettable area of 2,521 sqm (approximately 27,136 sft). The Property has a retail tenant occupying its ground floor and seven levels of commercial office with multiple tenant layouts.

3. PURCHASE CONSIDERATION

The consideration for the purchase of the Property is A\$32.0 million (approximately S\$30.3 million) (the “Purchase Consideration”). The Purchase Consideration was arrived at on a “willing buyer-willing seller” basis, based on THGA’s assessment of the Property’s value having regard to its prime location.

The Purchase Consideration will be funded by internal resources and bank borrowings. A deposit of A\$3.2 million has been paid by THGA towards the Purchase Consideration. The balance of the Purchase Consideration is payable in full upon completion of the sale and purchase of the Property pursuant to the SPA, which is expected to be effected in July 2019.

4. RATIONALE

The acquisition of the Property is consistent with the Group’s preferred business model of operating within its directly owned property assets. Identifying and acquiring prime luxury retail premises in choice locations where the Group operates provides security of tenure.

The Property will further strengthen the Group’s retail footprint in Australia.

5. FINANCIAL EFFECTS

The pro forma financial effects below have been prepared based on the audited consolidated financial results of the Group for the financial year ended 31 March 2019 (“FY2019”), assuming the completion of the acquisition of the Property at the Purchase Consideration (net of estimated expenses), and are purely for illustration purposes only and do not reflect the actual financial position of the Group after completion.

- 5.1 **Net Tangible Assets (“NTA”) per share.** For illustrative purposes only and assuming that the acquisition of the Property was completed on 31 March 2019, the pro forma financial effects on the consolidated NTA of the Group for FY2019 are as follows:

	Before acquisition of Property	After acquisition of Property
NTA (S\$'000)	554,986	554,986
NTA per share (S\$)	0.79	0.79

- 5.2 **Earnings per share (“EPS”).** For illustrative purposes and assuming that the acquisition of the Property was completed on 1 April 2018, the pro forma effects on the consolidated EPS of the Group for FY2019 are as follows:

	Before acquisition of Property	After acquisition of Property
Earnings (S\$'000)	70,431	71,589
EPS (cents)	9.99	10.15

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

The acquisition of the Property is in line with the Group’s continued focus and its strategy of securing its own retail property assets in order to grow its watch retail business in the region.

For illustrative purposes only, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the “Listing Manual”) are as follows:

Rule 1006	Bases	Relative figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits	1.6% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	5.4% ⁽³⁾
(d)	The number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) Not applicable as this is an acquisition.
- (2) Computed based on the Group’s audited net profits for FY2019.
- (3) Computed based on the Company’s market capitalisation of approximately S\$560 million on 3 July 2019.
- (4) Not applicable as no equity securities are proposed to be issued by the Company as consideration for the acquisition.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction (other than through their shareholding interests, if any, in the Company).

By Order of the Board

Christine Chan
Company Secretary
4 July 2019