

# THE HOUR GLASS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 197901972D)

## PROPOSED ACQUISITION OF A PROPERTY IN SYDNEY, 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 Lee Tai Enterprises (Australia) Pty Ltd (as vendor) following a successful bid process for the acquisition by THGA of the freehold property located at 192 Pitt Street, Sydney, in Australia (the “Property”).

### 2. THE PROPERTY

The Property is a six-storey retail and commercial office building situated on a 186 sqm corner site, directly opposite Pitt Street Mall / Westfield Shopping Centre in the heart of Sydney’s central business district and shopping thoroughfare, and benefits from a high volume of passing pedestrian traffic.

The Property has a net lettable area of 1,027 sqm (approximately 11,055 sft) comprising five levels of office and ground floor retail space, and is currently fully leased out.

### 3. PURCHASE CONSIDERATION

The consideration for the purchase of the Property is A\$32.8 million (approximately S\$36.9 million) (the “Purchase Consideration”) and will be satisfied wholly in cash. 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. Pursuant to the SPA, THGA has paid a deposit of A\$3.28 million towards the Purchase Consideration. The balance is payable in full upon completion of the sale and purchase of the Property pursuant to the SPA, which is expected to be effected by December 2014.

### 4. RATIONALE

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

The Property will provide the Group with the opportunity to develop and strengthen the Group’s watch 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 2014 (“FY2014”), 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 2014, the pro forma financial effects on the consolidated NTA of the Group for FY2014 are as follows:

	Before acquisition of Property	After acquisition of Property
NTA (S\$'000)	365,860	365,860
NTA per share (S\$)	1.56	1.56

- 5.2 **Earnings per share (“EPS”).** For illustrative purposes and assuming that the acquisition of the Property was completed on 1 April 2013, the pro forma effects on the consolidated EPS of the Group for FY2014 are as follows:

	Before acquisition of Property	After acquisition of Property
Earnings (S\$'000)	54,936	54,800
EPS (cents)	23.38	23.32

## 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 <sup>(1)</sup>
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	2.8% <sup>(2)</sup>
(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	8.5% <sup>(3)</sup>
(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 <sup>(4)</sup>

Notes:

- (1) Not applicable as this an acquisition.
- (2) Computed based on the Group's unaudited net profits for the quarter ended 30 June 2014, released on 5 August 2014.
- (3) Computed based on the Company's market capitalisation of approximately \$435 million on 29 October 2014.

(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  
30 October 2014