



# THE HOUR GLASS

ANNUAL REPORT 2026







# CORPORATE DIRECTORY

## DIRECTORS

Dr Henry Tay  
Mr Michael Tay  
Dr Kenny Chan  
Mr Lock Wai Han  
Mr Kuah Boon Wee  
Mr Jeffrey Lee  
Ms Christine Pillsbury  
Mr Chow Wai San

Executive Chairman  
Group Managing Director  
Non-Independent Non-Executive Director  
Independent Non-Executive Director (Lead Independent Director)  
Non-Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director

## AUDIT COMMITTEE

Mr Chow Wai San  
Mr Kuah Boon Wee  
Mr Lock Wai Han  
Ms Christine Pillsbury

Chairman (*Appointed as Chairman on 28 July 2025*)

## NOMINATION AND REMUNERATION COMMITTEE

Mr Jeffrey Lee  
Mr Kuah Boon Wee  
Mr Lock Wai Han  
Ms Christine Pillsbury

Chairman

## COMPANY SECRETARY

Ms Christine Chan

## REGISTERED OFFICE

302 Orchard Road  
#11-01 Tong Building  
Singapore 238862  
Telephone: (65) 6787 2288  
Facsimile: (65) 6732 8683  
Website address: [www.thehourglass.com](http://www.thehourglass.com)  
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 Kuah Boon Wee, Dr Kenny Chan, Ms Christine Pillsbury, Mr Michael Tay, Mr Chow Wai San, Mr Lock Wai Han,  
Mr Jeffry Lee

## 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 a member of the jury for the F.P.Journe young talent competition, a member of the jury for the Grand Prix d' Horlogerie de Geneve, a member of the cultural committee of the Fondation de la Haute Horlogerie and was the President of the jury for the inaugural Louis Vuitton Watch Prize.

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 currently serves as a Non-Independent Non-Executive Director.

A graduate of Monash University with a MBBS (Honours), Dr Chan has over 35 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 of Aesen Offshore Limited, a leading provider of integrated marine offshore solutions. He is also the Interim Chairman of Suntec Trust Management Ltd. Mr Lock was previously the Executive Director and Group CEO of OKH Global Ltd and 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.

### 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 a Non-Executive Director of MTQ Corporation Limited, having previously served as its Chief Executive Officer. 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 is the Vice President of the Singapore National Employers Federation.

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

## BOARD OF DIRECTORS

### MR 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 the Group Chief Corporate Officer responsible for Human Resources, PR and Communications for Ascentium, a Singapore headquartered global corporate services provider. Previously a Principal at Hillhouse Investment, a global private equity firm, she led rebranding and strategic communications across the firm and its portfolio companies, including Ascentium.

Formerly a Partner and Chief Operating Officer for Eighteen48 Partners Ltd in the UK, Ms Pillsbury has over 30 years' experience in operations, communications, investment and strategic leadership in Asia Pacific, holding senior roles in private equity and wealth management, 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.

### MR CHOW WAI SAN

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Chow was appointed to the Board of The Hour Glass Limited on 1 August 2024 as an Independent Non-Executive Director. He is the Chairman of the Company's Audit Committee.

Mr Chow is also currently the Independent Non-Executive Director of Universal Resource & Services Limited.

In 2014, Mr Chow founded Aquifer Consulting Pte Ltd, a boutique corporate advisory firm. Prior to setting up the firm, Mr Chow spent a significant part of his professional career with nTan Corporate Advisory Pte Ltd, where he was a director.

Mr Chow graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) degree. He is a Chartered Accountant of Singapore, a member of CPA Australia and a CFA charterholder. In addition, he is a Senior Accredited Director of the Singapore Institute of Directors.

## KEY EXECUTIVES

### **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 Chartered Accountant of Singapore.

### **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 Fellow Chartered Accountant of Singapore.

### **MR JOHN GLAJZ**

#### **MANAGING DIRECTOR, GLAJZ-THG PTE LTD**

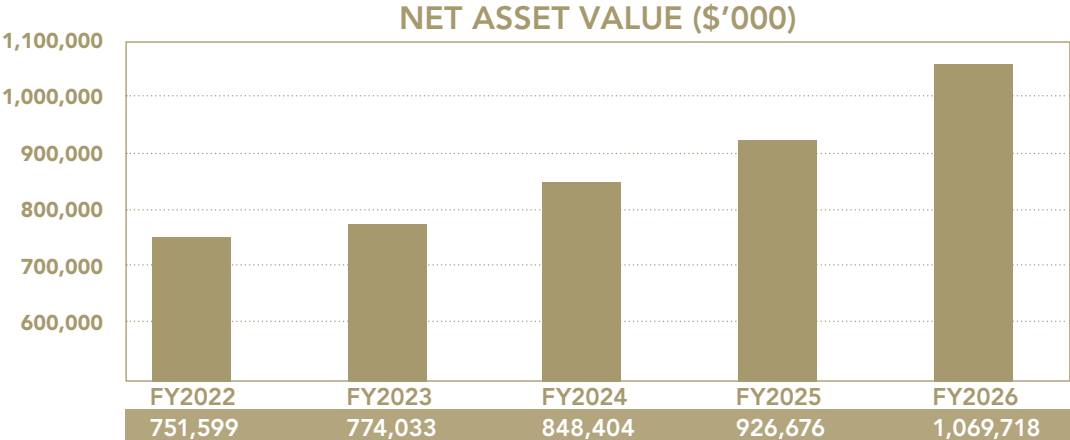
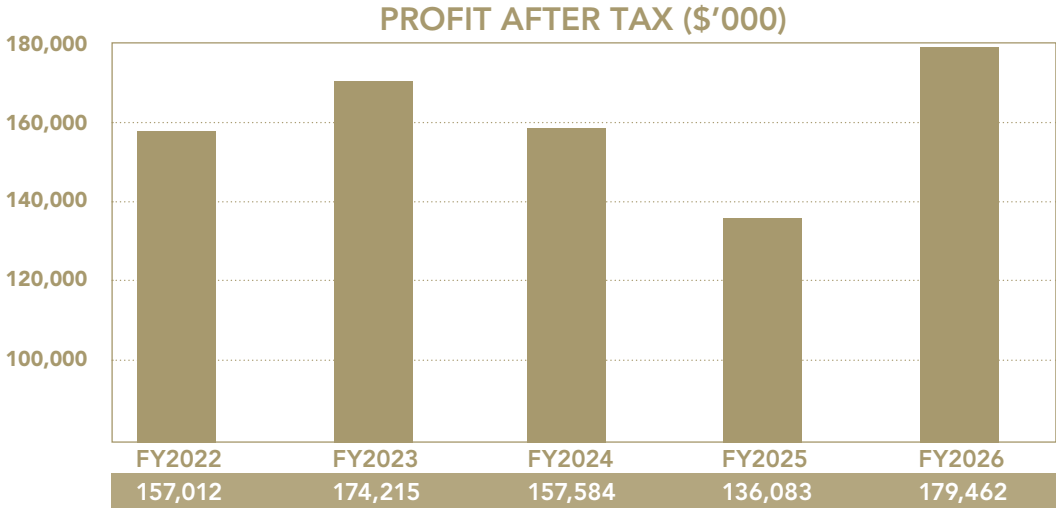
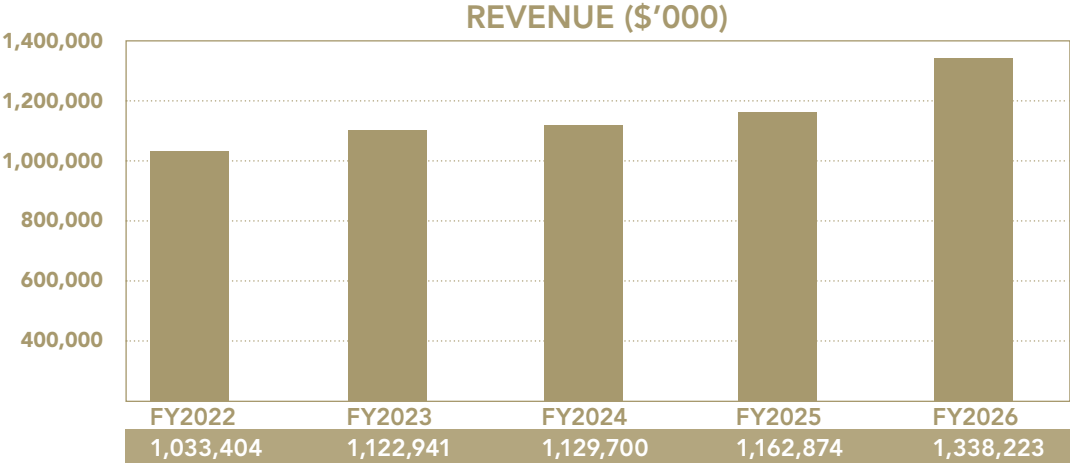
Mr Glajz joined the Company in January 1980 and has more than 40 years of practical experience in the retail and wholesale of fine jewellery. His partnership with The Hour Glass Limited commenced in 1990 through Mondial Jewellers and after the successful sale of the Mondial brand and business in 2004, established a new joint venture vehicle Glajz-THG Pte Ltd, specializing 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

	FY2022	FY2023	FY2024	FY2025	FY2026
<b>FINANCIAL RESULTS</b>					
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,033,404	1,122,941	1,129,700	1,162,874	1,338,223
Profit before taxation	204,513	219,608	204,621	175,432	234,494
Profit after tax	157,012	174,215	157,584	136,083	179,462
<b>FINANCIAL POSITIONS</b>					
	\$'000	\$'000	\$'000	\$'000	\$'000
Net asset value	751,599	774,033	848,404	926,676	1,069,718
Inventories	254,126	283,538	314,085	328,305	362,189
Cash and bank balances	323,360	244,553	237,573	178,689	157,526
Loans and borrowings	111,037	93,814	83,868	54,811	–
<b>FINANCIAL RATIOS</b>					
Gross margin (%)	32.7	33.6	32.2	30.9	30.4
Net margin (%)	15.2	15.5	13.9	11.7	13.4
Inventory turnover ratio	2.7	2.6	2.4	2.4	2.6
Debt / equity ratio (%)	14.8	12.1	9.9	5.9	–
Earnings per share (cents)	22.34	25.91	23.87	20.94	27.79
Net asset value per ordinary share (\$)	1.10	1.18	1.31	1.43	1.67
Dividend per ordinary share (cents)	8.00	8.00	8.00	6.00	6.00

# FINANCIAL HIGHLIGHTS



## **VISION**

*Enriching lives with passion by advancing watch culture*

## **ENTERPRISE MISSION**

*To be the watch world's leading cultural retail enterprise, making it the primary port of call for all enthusiasts and collectors alike*

## **BUSINESS MISSION**

*To be an enduring, profitable business organisation that assumes a moderate risk profile, generating sustainable long term cashflows and returns by continually engaging in the practice of retail and digital sales and marketing, merchandising and operational excellence*

# CHAIRMAN'S STATEMENT

## DEAR FELLOW SHAREHOLDERS,

For the financial year ended 31 March 2026, The Hour Glass delivered what I believe to be among the most consequential performances in our operating history. Group revenue advanced to \$1.34 billion, a growth of 15.1% over FY2025, affirming the strategic recalibrations we made over the preceding five years. More significantly, profit-after-tax grew to \$179.5 million — a 32% expansion that reflects not merely stronger sales momentum but a fundamental improvement in the quality and efficiency of our operating model. A fair value gain on investment properties of \$20.3 million also contributed positively to profit after tax. That such results were achieved against a backdrop of global tariff volatility, a strengthening Swiss franc, record gold prices, and a watch sector in structural transition attests to the enduring quality of our business, the depth of our geographic diversification, and the resolve of our people. I have written in previous years about navigating crises — the Asian Financial Crisis of 1997, SARS in 2003, the Global Financial Crisis of 2008, the COVID pandemic of 2020. Each tested us differently. What this year also confirmed is that the strength of our foundational partnerships is not an inherited condition, it has been earned. A commercial and strategic reality that, when properly cared for, compounds with time.

Over the course of the year, the Company purchased \$13.2 million of its own shares from the market and cancelled 59.4 million treasury shares — a deliberate use of capital consistent with our long-standing approach to returning value to shareholders. Cash and cash equivalents stood at \$157.5 million. For the first time in the Group's history, we carry no borrowings — a position of financial clarity we intend to defend. On a consolidated net asset basis, the Group's net worth grew to \$1.07 billion, or \$1.67 per share, a milestone that reflects two generations of patient capital stewardship rather than a single year's performance. As the macroeconomic outlook grows more opaque by the quarter, we hold this position deliberately. We would sooner disappoint shareholders with conservative returns than expose the enterprise to the consequences of being underprepared for

asymmetric outcomes in a world and an industry simultaneously reordering themselves. Our choice is to remain in a position where we can always act with conviction.

In light of the above, the Board recommends a total dividend of 6.0 cents per ordinary share for FY2026, comprising an interim dividend of 2.0 cents and a final dividend of 4.0 cents, amounting to \$38.5 million in total distributions.

## THE GEOMETRY OF DISRUPTION

There is a Latin expression — *casus belli* — a cause for war, a justification that changes the geometry of everything that follows. This past year produced several of them, remaking the world of commerce, diplomacy and consumer sentiment in their wake. To understand what they may yet do, the historian's instinct is to reach for analogies: the Smoot-Hawley tariffs of 1930 that contracted global trade by a quarter and deepened the Great Depression; the dismantling of the Bretton Woods system in August 1971 ending the convertibility of the dollar to gold, which subsequently sent the Swiss franc, then pegged to gold, appreciating from CHF4.38 to CHF2.50 against the dollar by 1975, and to a record high of CHF1.50 by October 1978. Gold over this period rose precipitously from US\$35 per ounce before the August 1971 de-pegging to a peak of US\$850 per ounce in January 1980. Compounding all of this came the first oil shock, triggered by the Yom Kippur War in 1973 quadrupling oil prices from US\$3 to US\$12 per barrel in a matter of months. The second oil shock arrived in 1979 with the Iranian Revolution, was deepened by the outbreak of the Iran-Iraq War in 1980 and drove the price of a barrel of oil to US\$40 by the end of that year.

The imposition of broad-spectrum tariffs by the United States in April 2025 created not merely a trade disruption but a crisis of confidence in the institutional scaffolding that has underpinned global commerce for nearly eighty years. The Swiss franc has strengthened

## CHAIRMAN'S STATEMENT

to a decade high of CHF0.80 per US dollar as investors sought traditional havens, and the Swiss National Bank, facing deflationary pressure from that appreciation, cut its policy rate to zero. Bank Vontobel estimates that adverse foreign exchange alone reduced revenues for the major Swiss watch brands by 10% to 15% over the past four years.

For Swiss watch manufacturers, a strengthening franc compounded by sharply elevated gold prices which by April 2026 had reached approximately US\$4,720 per ounce, more than doubling in three years, created a margin environment of unusual severity. Equally consequential has been the emergence of deep geopolitical hostility in the Middle East. Active conflict in the Iran corridor has introduced wartime supply risk into global energy markets, driving Brent crude up by 60% against the prior year's average — an increase that, while modest by the standards of the 1973 and 1979 shocks, exposes the directional vulnerability of an industry dependent on sustained energy stability.

What distinguishes the current period from previous upheavals is not the severity of the shocks but what they have made plain. To borrow Warren Buffett's phrase: 'Only when the tide goes out do you discover who has been swimming naked'. The watch industry's present malaise, like the broader luxury sector's bifurcation between houses that have held and those that have not, is not the result of any single year's trading conditions. Those conditions merely exposed a fragility that was already present and that years of cyclical abundance had made invisible. This industry has lived through this combination of shocks before. The lessons of that period are not analogies, they are precedents.

### CEDED, NOT CHOSEN

The Swiss watch industry closed 2025 having contracted for the second consecutive year, with 29 of the industry's top 50 brands registering declines, of which one-third posted double-digit falls. The value of Swiss watch exports dropped 1.7% to CHF25.6 billion, while unit volumes fell a more telling 4.8% to 14.6 million units.

To understand the weight of that statistic, one must set it against the industry's longer arc, one that takes us back to 1970.

The macro shocks just described — Bretton Woods, the Swiss franc, gold, the two oil crises — fell on a watch industry that was simultaneously being attacked from a different direction entirely. The quartz watch, already introduced from 1969, arrived in this weakened landscape and proceeded gradually, then suddenly, to displace Swiss mechanical watches across the volume segments through the late 1970s and early 1980s. Watches cased in gold became structurally unaffordable for the mid-tier; many manufactured before 1980 were melted down for material value alone.

The cumulative result was the most devastating period in the industry's modern history. In 1974, at the height of its pre-quartz dominance, Switzerland exported 84.4 million watches — a volume record that has never been approached since. By the early 1980s, exports had collapsed to barely 31.0 million units. Between 1970 and 1985, the number of Swiss watch companies fell from over 1,600 to fewer than 600. Watchmaking employment dropped from 90,000 to 33,000, with the watchmaking towns of the Jura losing around 8% of their population over the ensuing decade.

The conventional narrative of this period isolates the quartz crisis as the cause. The accurate retelling is that quartz arrived as the third blow against an industry already structurally compromised by monetary dislocation and oil-driven inflation. Quartz alone might have been survivable. Quartz on top of franc appreciation, raw material surges, and demand compression was not. The two largest Swiss watch groups — ASUAG, which held the industrial backbone of the watch industry, and SSIH, which owned mid-tier brands such as Omega, Longines and Tissot — were pushed to merge in 1983 to stave off insolvency. This merged entity would become the foundation of the Swiss watch industry's recovery and later be renamed the Swatch Group. The recovery, when it came in the 1990s, was driven in significant part by the runaway

## CHAIRMAN'S STATEMENT

success of the Swatch watch and the parallel reinvention of the mechanical watch as a cultural object imbued with luxury appeal. By 1993, watch exports had recovered to nearly 51.0 million units — but the three decades that followed have been a story of value, not volume. The industry that crossed CHF10.0 billion in export value in the year 2000 on 29.9 million watches now generates CHF25.6 billion on less than half that unit volume and, only 17% of its 1974 record.

Read in this light, the 2025 statistic confirms that the industry has not merely been through a cyclical correction but a structural retrenchment. One in which the trajectory was largely imposed even where the response was chosen. Mobile phones through the late 2000s and early 2010s, and smartwatches from 2015 onward, progressively colonised the low and mid-range segments the Swiss industry once owned. Volume was not shed in favour of luxury concentration so much as ceded, as successive waves of competitive pressure eroded the foundations. The move upmarket was, in part, a response to that pressure.

The industry's answer to this hollowing has been to ascend the price curve with some urgency, and the arithmetic is stark. According to Morgan Stanley's annual Swiss Watch industry estimates, watches priced above CHF50,000 at export value, representing 1.4% of all units shipped, now account for 37% of total export value and approximately 89% of all value growth in the most recent period surveyed. The industry is not merely premiumising. It is concentrating itself into an oligopoly of value so narrow that one research analyst described it plainly as the industry gentrifying itself — a process in which the headline export figure flatters a reality that is considerably more fragile beneath the surface.

The pattern has a demographic explanation that three independent sources make legible. The UBS Global Wealth Report identifies what it terms the 'Everyday Millionaire' — individuals with assets between US\$1 million and US\$5 million — as the fastest-growing segment of global wealth holders, now approximately 52 million worldwide. A significant portion of this

cohort's wealth is held in real estate rather than in liquid financial instruments. They are asset-rich and frequently cash-poor. For the watch industry, this creates a liquidity paradox: the people who appear wealthy enough to purchase watches made for the aspirational class are, in their day-to-day financial lives, less liquid than the headline numbers imply. Deloitte's Swiss Watch Industry Study finds the cohort within which this paradox bears most directly to be Generation X — those now in their forties and fifties, who should be in their peak earning and acquisition years, and who built the modern watch industry's customer base through the 2000s and 2010s. They are old enough to remember when a serious mechanical watch was an attainable professional milestone, formed in their tastes during the heritage reinvention years, and yet now register markedly weaker purchase intent than younger generations. The OECD's research on the squeezed middle class explains why: across the world's major economies, middle class incomes grew less than average over the past two decades while the prices of aspirational goods rose substantially faster. The watches that retail broadly between CHF3,000 and CHF10,000 — historically the territory of the aspirational middle-income collector — have themselves shifted upward in this period. What was a CHF3,000 to CHF10,000 watch in 2015 is now often a CHF6,000 to CHF15,000 watch.

In my FY2024 statement, I described the broader luxury sector's executives as luxonauts — many of whom believed they had achieved escape velocity, hurtling through the doorway of emancipation from the boom-and-bust behaviour of markets. By the time that statement was written, re-entry had already begun. The price increases imposed during the COVID-era induced ascent had been intended not merely to defend margin but to elevate the brand's aspirational standing and amplify a repositioning executives believed the market would now sustain. When volumes began to soften, the response was to maintain — and in some cases to extend — those price increases, on the assumption that the brand had risen permanently and the softness would pass. It did not. Each further price hike alienated a larger slice of the traditional base and accelerated the very

## CHAIRMAN'S STATEMENT

volume decline it was meant to reverse. We observed this directly in our boutiques. Clients who had been loyal to certain brands for a decade or more stopped buying them — not because their circumstances had changed, but because the price had outrun the proposition. These collectors have not lost interest; the watches they once aspired to no longer sit within their reach. A brand that raises prices in response to declining sales does not reverse that decline by raising them further. It simply discovers how much of its former audience it has permanently priced away.

One industry observer has described the industry's present competitive dynamic with unusual precision: that rather than market share, the industry should now be measured by wrist share. The contest is fought on a single piece of real estate — the wrist — by four very different kinds of competitors. Institutional icons sit at the top, capturing most of the industry's value. A growing wave of creative independents operates alongside them, playing by an entirely different set of rules and attracting a different audience who is often less interested in what the established watch brands have to offer. Mid-range brands sit caught in the middle, working to articulate a credible reason for the buyer to choose them over a stronger brand above and too reluctant to retreat into a defensible niche. And below them all sits the smartwatch, producing volumes no Swiss manufacturer will ever reach again. The work for the middle is harder than it has been in a generation: to convince the market that what they make is genuinely worth backing, through product substance, honest pricing and a clearly articulated point of view. The concentration at the top is real, and the route through the middle has narrowed considerably — but it has not closed. Brands prepared to do that work, with patience and conviction, can still find their footing.

### THE ARCHITECTURE OF ENDURANCE

The question of legitimacy has always been at the centre of this industry. What separates a watch that commands a deep interest list from one that sells at a discount is whether the buyer believes the brand has earned the right to ask what it does. That belief, once lost, is not

recovered by a single marketing campaign or a price correction. It must be rebuilt across years of consistent execution and disciplined restraint.

The most revealing pattern to emerge from the market correction of recent years is that the conditions under which a watch brand succeeds have quietly changed. The brands that have prospered are those whose proposition is now strong enough that the buyer arrives at the boutique already broadly persuaded — and where the role of the specialist retailer is to deepen that conviction, introduce the buyer to models they had not considered, and build a relationship that extends well beyond a single transaction. The brands finding the present period more difficult are those whose proposition has weakened to the point where the buyer's conviction must be rebuilt at the boutique, where prices that the secondary market does not support must be defended, and where claims the product no longer fully demonstrates must be argued for. These are the brands losing ground, often in double digits.

The authority that Rolex, Patek Philippe, F.P.Journe and a handful of the finest independent makers command is such that acquisition decisions are driven by conviction rather than comparison. Patek Philippe maintains no paid ambassadors and sponsors few cultural events in exchange for visibility, yet it is desired and worn by extraordinary people everywhere because those individuals chose to acquire it entirely on their own terms. That is the difference between borrowed relevance and earned authority — the most expensive thing in this business to build, and the most durable once built.

The distinction that matters most in understanding what has happened to the mid-tier over the past decade is the one between pricing authority and pricing ambition. Pricing authority is structural: it flows from a demand gravity that exceeds supply, from a collector base that has internalised a brand's cultural weight, from the institutional freedom to reprice with discretion. Pricing ambition is mimicry — it borrows the outward moves of the authority tier without the inward reality that makes those moves credible. In a rising market, the difference is invisible. In a soft one, it is fatal.

## CHAIRMAN'S STATEMENT

The pattern has a genealogy. Between 1990 and 2015, professional financiers entered the luxury sector at scale, bringing with them frameworks designed for general consumer products and applying them to objects whose entire value proposition rested on their resistance to standardisation. The logic was seductive: consolidate fragmented heritage houses, impose operational discipline, unlock margin through scale and vertical integration. What the business models failed to account for was that the idiosyncrasy was the product. The resistance to standardisation was the margin. Remove it and you do not have a more efficient version of the same asset. You have a different asset — and an inferior one. The brands that held through the correction of recent years are holding not because of superior logistics or more sophisticated consumer data. They are holding because they never surrendered the creative sovereignty to refuse what the market offers and define what the market wants.

The private ownership advantage is where this logic finds its clearest structural expression. According to Morgan Stanley, the four largest privately held watch brands command 49% of the market by sales value and roughly three-quarters of the total industry profit pool. That concentration is not a coincidence. A privately held enterprise answers to a different clock — discontinuing its most commercially successful product when integrity demands it, producing slightly fewer watches than the world wants and investing in infrastructure whose returns will materialise over decades. This is the orientation that has consistently produced the strongest outcomes in modern watchmaking, and the structural reason is straightforward: the discipline of long-horizon stewardship is far harder to sustain when ownership must answer to quarterly reporting cycles and the short-term pressures they impose. It can be done — a listed enterprise that is permitted, by its shareholders and its own governance, to march to the beat of its own drum can compound cultural and commercial capital across decades much as a privately held house does. But such cases are the exception.

Fairness requires acknowledging the structural pressures every Swiss manufacturer has faced over this period: franc appreciation of approximately 50% to 60% against the major currencies we do business in, Swiss labour costs among the highest in any manufacturing economy, and gold appreciating by more than five-fold between 2005 and 2025. Cost pressure is a reason to raise prices, however, it does not, by itself, confer the authority to do so. The franc appreciated for Rolex and for every other Swiss manufacturer. What differed was not the cost pressure but the authority to absorb it — to pass increases through and have the market read them as discipline rather than desperation. That authority cannot be acquired in response to cost pressure. It must have been in place beforehand.

Beneath the commercial argument, we return to the question of legitimacy. In watchmaking as in any craft, it is not a birthright. It is a reserve, accumulated through persistent skill and disciplined production, and depleted by the gap between claim and delivery. The premium attached to 'Swiss Made' has been genuinely earned — the product of generational horological knowledge concentrated in a small and devoted geography whose depth of expertise has no contemporary parallel. But that premium is sustained only by what the product continues to demonstrate, not by what the origin continues to assert. When production grows faster than reverence, when engineered scarcity substitutes for genuine substance, when marketing investment outpaces finishing investment — belief erodes, quietly and without announcement. The movement producers, component manufacturers, and material suppliers that anchor the entire ecosystem sit on a foundation whose volumes have halved since the early-2010s peak. The watchmakers that will endure are those that have given collectors a reason to care, not merely a reason to buy. The watchmaking must be real, the story honest, and the relationship between maker and wearer must carry enduring meaning. This is the commercial logic of an industry whose most valuable objects are purchased not because they are needed, but because they are loved.

# CHAIRMAN'S STATEMENT

## A RECKONING DEFERRED

The structural condition described has had a human and industrial cost, and that cost has, for two years, been quietly absorbed by the Swiss state. The Réduction de l'horaire de travail — the short-time working scheme, or RHT — has been the watch industry's most consequential financial instrument since 2024, more decisive in its effects than any single brand's pricing decision, any group's strategic pivot, or any retailer's network adjustment. It has absorbed, at a cost the Swiss unemployment insurance fund estimates will reach CHF540 million in additional outlays, the human cost of an industry configured for volumes it is no longer asked to produce. The scheme subsidises 80% of salaries across companies representing 43% of Switzerland's 2,650 watch industry firms — a figure that captures the full ecosystem of brands, movement makers, component manufacturers, and specialist subcontractors that together employ approximately 65,000 people, at an average of just 25 employees per firm. The firms drawing on the scheme are concentrated not among the major brands but among the small and medium-sized suppliers that feed them — precisely the layer of the ecosystem most exposed to volume compression and least equipped to weather a sustained downturn.

The most consequential decision point is imminent. The current extension allowing companies to draw 24 months of RHT compensation expires on 31 July 2026. Without further Federal Council action, the companies that have leaned on the scheme through two years of decline will be required to return workers to full hours, implement redundancies, or restructure. The Swiss Parliament has authorised the Federal Council to extend the maximum benefit period by up to twelve months at a time, with that authorising power remaining in force until 31 December 2028. Each extension granted is simultaneously an act of support and a deferral of reckoning. At some point — whether at the July 2026 review or one of the further reviews available before end-2028 — the state will stop asking whether the contraction is temporary and begin accepting that it is systemic. When that judgement is made, the industry will be required to answer the question it has not yet fully answered: what, precisely, were we preserving, and for what?

The outcomes branch in three directions.

The first is manageable — painful but survivable. If demand recovers sufficiently before political will exhausts itself, and if that demand is distributed across price points rather than concentrated solely at the highest end, the industry may absorb the adjustment with targeted rather than catastrophic restructuring. Some component manufacturers will close. Skilled hands will migrate to adjacent precision industries. But the ecosystem's core may hold.

The second outcome is more severe. The watch sector has already recorded approximately 1,000 fewer jobs by end-2025, concentrated in the component and assembly heartlands of Canton Vaud, Neuchâtel and the Jura. The subsidy has been doing the work that restructuring should have done. When the state's patience exhausts, the adjustment will not be distributed across time. It will arrive in one quarter, in one wave, in one geography.

The third outcome is the most strategically significant, and the least discussed. Skilled watchmaking knowledge is not codified in manuals. It lives in the hands and minds of individuals — in intuition built across years of micro-mechanical practice, in the collective memory of a workshop continuing across decades. When those hands migrate, they do not return on request. The outcome is the slow erosion of the foundation on which the Swiss premium rests. A watch industry that retains its brands but loses the supplier base, component makers, and finishing workshops beneath them is one whose pricing claims become progressively harder to defend. The workforce kept on reduced hours is not the same as the workforce kept whole. The time bought through the Federal extensions must be used to its full effect. Whether the industry uses it wisely is the question the market will answer with more finality than any Federal Council ordinance.

For The Hour Glass, the question is not whether the industry will navigate this reckoning — it will, in one form or another. The question is the composition of the partnership portfolio we carry into it. Every specialist retailer represents brands across a spectrum of

## CHAIRMAN'S STATEMENT

conviction — that is intrinsic to the work of multi-brand retail. What matters is the weight of the portfolio. A retailer whose foundational partnerships are anchored by makers of enduring authority is positioned to absorb the structural reset with its own commercial position largely intact, and to allocate its specialist capacity toward both the brands that already command conviction and those building toward it. A retailer whose foundational partnerships rest on brands more exposed to the reset will face a different commercial reality.

### ROUNDING OFF

There is a piece of Zen wisdom that we often return to: *before enlightenment, chop wood, carry water; after enlightenment, chop wood, carry water.* The discipline required to build an enduring enterprise is not different in character from the discipline required to sustain one. We must keep doing the same essential things — curating with passion and discernment, building friendships and partnerships with patience, serving partners and clients with honesty and care, allocating capital with prudence. The work does not change, only the conditions do.

Consistency of disciplined people, thought and action is what compounds trust over time, and trust is the only currency in this business that rarely depreciates. That Rolex and Patek Philippe agreed to be our foundational partners in 1979 and continue to remain so is the clearest expression of the confidence those houses place in us. This is the real balance sheet of The Hour Glass, and the one no financial report can fully express.

This year, as our boutique network reached its full geographic expression, and our financial results demonstrated the rewards of this patient and disciplined strategy, I am, above all, grateful. To the Stern family and to the leadership of Patek Philippe for a partnership of remarkable depth and constancy, and whose next chapter we look forward to building together. To Jean-Frédéric Dufour and the steadfast team at Rolex, for the confidence they have placed in us over three generations and for the stewardship of over

twenty Rolex boutiques and authorised retail points of sale they have granted us across our pan-Asian network. To François-Paul Journe, whose watches continue to set the standard against which serious independent artisanal watchmaking is measured, and who has chosen to entrust that work to our care. And to the independent makers — Rexhep Rexhepi, Maximilian Büsser and their peers — who continue to extend the frontiers of their artisanal craft and honour The Hour Glass by sharing their very personal journeys with us and our clients.

To our Board of Directors, whose governance and counsel have been a steadying force throughout a year of considerable complexity, I extend my sincere appreciation. And to our team members across every territory we serve, your commitment to excellence is the substance behind every metric cited in this statement.

The watch industry is undergoing a profound structural reset — one that will, over the coming decade, reward those with the most authentic partnerships, the most robust balance sheets, and the deepest understanding of what specialist watch retail can offer when information is abundant and genuine expertise is scarce. We approach the years ahead not with certainty about what the world will bring, but with confidence in what we are, and in the relationships that have allowed us to navigate every previous disruption with our character and our partnerships intact. Our response to whatever comes next will be what it has always been: to serve our clients with greater care than the year before, to deepen the relationships that matter most, and to hold our convictions with the quiet steadiness that only a family with eighty-five unbroken years in this industry can sustain. As my old friend Jean-Claude Biver has often declared — eternity has no competition. That is the only game we have ever known how to play.

### HENRY TAY

Executive Chairman  
2 June 2026

## 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 2026 ("**FY2026**").

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(b) (disclosure on remuneration of 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 payment 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.

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Consequent upon the SGX-ST's replacement of its previous reporting requirement based on market capitalisation with the risk-based approach to quarterly reporting effective from 7 February 2020, the Board 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 and fund the 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 meet management. During the financial year, the directors were briefed on, among other developments, changes to the listing rules of the SGX-ST and topical issues such as cybersecurity. All directors holding office as at 31 March 2026 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

## CORPORATE GOVERNANCE

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

Directors are provided with complete, adequate and timely information prior to Board meetings and on an 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 leverages on the Company's business continuity plan whenever necessary to keep 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 company secretary assists the Chairman of the Board in ensuring that Board procedures are followed. The company secretary's duties include attending Board meetings to take minutes, communicating changes in listing rules or other regulations affecting corporate governance which may be relevant to the Company, the Board and/or Board committees, advising on compliance with the Company's Constitution, the Companies Act 1967 ("**Companies Act**"), the Securities and Futures Act 2001, the Code and the Listing Manual where appropriate, and being one of the authorised representatives of the Company for communications with SGX-ST pursuant to Rule 725 of the Listing Manual. The company secretary also supports the induction process for new directors by arranging for a letter of appointment to be issued to the new director setting out, among others, the director's duties and obligations. 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.**

The Board currently has eight members, consisting of four independent non-executive directors, two non-independent non-executive directors and two executive directors. Independent non-executive directors make up half of the Board. 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

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team. As the Company's chief executive, the Executive Chairman heads the senior management team. With the retirement of Mr Liew Choon Wei, an independent non-executive director from the Board on 28 July 2025, the number of independent directors was reduced to four out of eight (previously, five out of nine) members of the Board. Notwithstanding this, the NRC is of the view that the independent component of the Board (comprising four members (or half) of the Board) continues to be effective in providing a balance to the executive component of the Board, which comprise two members of the Board. Furthermore, the current number of independent directors complies 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 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 issuer. 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 21 July 2026.

The independent non-executive members of the Board comprise seasoned professionals with management, financial, accounting, investment, private equity, retail, corporate advisory 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

## CORPORATE GOVERNANCE

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 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 FY2026. 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 largely achieved this target for FY2026. The current Board comprises at least one director in each of the three age groups (in particular, one director is 50, five directors are in their 50's to 60's, and two 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, two independent directors have between three to below six years of service, and one independent director has 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 FY2026. 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

## CORPORATE GOVERNANCE

and property, and who collectively have experience in wholesale distribution and retail, investments and real estate development, watch manufacturing, private equity, corporate advisory 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.

In FY2026, as part of the Board renewal process, Mr Chow Wai San, an independent non-executive director and member of the AC since 1 August 2024, was appointed as the new chairman of the AC following Mr Liew's retirement from the Board on 28 July 2025 after having served as an independent non-executive director for more than eight years since 1 April 2017. The diversity of skillsets and experience on the Board has been maintained for FY2026 while the gender, age and tenure diversity of the Board remain largely similar to that achieved in, and maintained since, financial year 2023. 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.

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	82	11 Aug 1979	29 Jul 2024
Mr Michael Tay Wee Jin	50	15 Aug 2005	28 Jul 2025
Dr Kenny Chan Swee Kheng	72	1 Apr 2004	29 Jul 2024
Mr Lock Wai Han	59	1 Oct 2020	29 Jul 2024
Mr Kuah Boon Wee	59	1 Apr 2011	28 Jul 2025
Mr Jeffry Lee Yu Chern	62	1 Oct 2017	25 Jul 2023
Ms Christine Bullitt Pillsbury	56	1 Dec 2022	25 Jul 2023
Mr Chow Wai San	54	1 Aug 2024	28 Jul 2025

\* As at the Company's upcoming AGM on 21 July 2026.

## CORPORATE GOVERNANCE

### 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 Jeffrey 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 complies 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 chairman of the NRC should be

## CORPORATE GOVERNANCE

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 2026, 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

## CORPORATE GOVERNANCE

eligible for re-election at, the next AGM. Similarly, under Rule 720(5) of the Listing Manual, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years.

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 2026, 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 and in adding value to the Company (which encompasses setting directions for the Company's strategy, as well as long-term value creation and sustainability). The evaluation also covers the efficacy of the Board committees and the contributions of individual directors 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 acts 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

## CORPORATE GOVERNANCE

diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company. The Board is of the view that during the financial year, its members have performed efficiently and effectively for the Board to function collectively as a whole.

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

### REMUNERATION MATTERS

#### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

#### LEVEL AND MIX OF REMUNERATION

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

#### DISCLOSURE ON REMUNERATION

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

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

In relation to remuneration and related matters, the NRC's primary role is to review, determine and recommend to the Board, the framework of remuneration, terms of engagement, compensation and benefits for senior executives, including the specific remuneration packages for executive directors of the Company and key management personnel. Its functions include review of senior executive development and succession, compensation plans and recruitment strategies, and evaluation of executives' performance. As part of its review, the NRC takes into consideration the salary and employment conditions within the same industry and in comparable companies. 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.

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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 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 2026, 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 subject to the quantum not exceeding the total emoluments in the three years preceding retirement. 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.

Under new Rule 1207(10D) of the Listing Manual, 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. The amounts and breakdown of remuneration of each individual director, including the Executive Chairman and the Group Managing Director, for the financial year under review are disclosed at the end of this report in accordance with Rule 1207(10D) of the Listing Manual.

Provision 8.1(b) of the Code provides that the remuneration of at least the top five key management personnel (who are not directors) be disclosed in bands not wider than \$250,000. The Company is of the view that disclosure of the remuneration details of each key management personnel (who are not directors) in the manner recommended by Provision 8.1(b) 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 of remuneration of the Group's top three management personnel (who are not directors) for the financial year under review is disclosed at the end of this report.

The aggregate remuneration of the executive directors and the top three key management personnel (who are not directors) for the financial year under review were \$6,968,420 and \$2,686,242, respectively. The aggregate directors' fees of \$500,870 paid to the non-executive directors for the financial year under review was within the amount of up to \$532,000 approved at the AGM on 28 July 2025. Save as otherwise disclosed in this report, during the financial year under review, there were no employees who are substantial shareholders of

# CORPORATE GOVERNANCE

the Company or immediate family members of a director or a substantial shareholder of the Company and whose remuneration exceeds \$100,000.

All forms of remuneration and other payments and benefits paid by the Company and its subsidiaries to directors and key management personnel of the Company have been disclosed at the end of this report, the Directors' Statement and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board recognises that it is responsible for risk governance and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. The Board appreciates that risk management is an 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.

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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 2026 to address financial, operational, information technology and compliance risks, which the Group considers relevant to its operations. However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve 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 2026 have been properly maintained, give a true and fair view of the Group's operations and finances and that the Group's risk management and internal controls systems are adequate and effective.

### AUDIT COMMITTEE

#### **Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

The AC currently has four members and is chaired by Mr Chow Wai San (effective from 28 July 2025). The other members of the AC are Mr Lock Wai Han, Mr Kuah Boon Wee and Ms Christine Bullitt Pillsbury. Mr Liew Choon Wei stepped down as chairman of the AC upon his retirement from the Board on 28 July 2025.

The AC's current composition of three independent non-executive directors (including the chairman of the AC) and one non-independent non-executive director complies 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 also complies with Section 201B of the Companies Act (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 financial year under review possess the relevant expertise to discharge the functions of an AC objectively. As at 31 March 2026, at least two members of the AC, including the 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 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 whistleblowing 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

## CORPORATE GOVERNANCE

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 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 2026 were reviewed and discussed by the AC with management and the external auditor:

- Allowance for inventories
- Valuation of investment properties
- Accounting for business combination

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 financial 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 FY2026.

## CORPORATE GOVERNANCE

The Company has in place a whistleblowing 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 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 whistleblower will be kept confidential and that the Company will not tolerate victimisation or harassment of whistleblowers. The Company will ensure protection of whistleblowers against reprisal and detrimental or unfair treatment, even if the reports prove to be unfounded.

The AC is responsible for oversight and monitoring of whistleblowing, and oversees the policy and its related procedures. All whistleblowing reports will be channelled to the AC directly and the Company has designed an independent function to investigate whistleblowing 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 whistleblowing 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 senior manager who graduated with a Bachelor's degree in Business and Commerce from Monash University and has more than twelve years of working experience.

The head of internal audit 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 Global Internal Audit Standards 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

## CORPORATE GOVERNANCE

via SGXNet. Such announcements include the half-year and full-year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. Information is provided in an understandable and balanced manner, and on a timely basis so as to enable shareholders to make informed decisions in respect of their investments in the Company.

The Company also attends to enquiries from shareholders, analysts and the press. Such enquiries are handled by specifically designated members of senior management as part of the Company's investor relations team. The Company also maintains a website [www.thehourglass.com](http://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. 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](mailto:ir@thehourglass.com).

Pursuant to legislative amendments (with effect from 1 July 2023) to the Companies Act, 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 2025 ("**AGM 2025**") was convened and held in a wholly physical format at a place in Singapore. The directors' attendance at the AGM 2025 is set out at the end of this report. The Company published the minutes of the AGM 2025 on its corporate website and via SGXNet within one month after such meeting. The Company's upcoming AGM in respect of FY2026 will be held on 21 July 2026 in a wholly physical format in Singapore.

Consistent with its sustainability strategy, the Company has stopped sending to all shareholders, printed copies of its annual report. Instead, only printed copies of the notice of AGM, proxy form and request form (to request for a printed copy of the annual report) are sent. Shareholders are able to access the annual report on the Company's website and the SGX website. 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.

## CORPORATE GOVERNANCE

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). Voting in absentia has not been implemented by the Company due to authentication of shareholder identity concerns and other related security issues, and pending legislative clarity to recognise absentee voting. For greater transparency in the voting process at its general meetings, the Company has implemented electronic poll voting. An independent scrutineer is appointed by the Company in respect of the general meeting to ensure satisfactory procedures of the voting process are in place and to supervise the count of the votes. Shareholders and proxies in attendance at the meeting are informed of the house rules and the voting process. The detailed results (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. The Group is not aware of any conflict of interest relating to cross-shareholding by its suppliers or other stakeholders.

Further details on the stakeholders engaged by the Group, key concerns raised, modes of engagement and frequency of engagement are disclosed in the "Sustainability Report" section of the Annual Report.

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 FY2026 were determined based on the following formula, which is substantially similar to that applied in the previous year:

**FY2026  
FEE QUANTUM  
\$**

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### 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 – FY2026

### (I) DIRECTORS

Name	Position	Total remuneration	Salary *	Bonus #	Fees	Benefits-in-kind +	Total
		\$'000	%	%	%	%	%
<b>Executive Directors</b>							
Dr Henry Tay Yun Chwan	<i>Executive Chairman</i>	2,268	16	78	–	6	100
Mr Michael Tay Wee Jin	<i>Group Managing Director</i>	4,700	13	84	–	3	100
<b>Non-Executive Directors</b>							
Dr Kenny Chan Swee Kheng ^	<i>Non-Independent Director</i>	44	–	–	100	–	100
Mr Lock Wai Han	<i>Independent Director</i>	99	–	–	100	–	100
Mr Kuah Boon Wee	<i>Non-Independent Director</i>	79	–	–	100	–	100
Mr Liew Choon Wei @	<i>Independent Director</i>	31	–	–	100	–	100
Mr Jeffry Lee Yu Chern	<i>Independent Director</i>	84	–	–	100	–	100
Ms Christine Bullitt Pillsbury	<i>Independent Director</i>	79	–	–	100	–	100
Mr Chow Wai San	<i>Independent Director</i>	84	–	–	100	–	100

\* Salary includes employer's CPF contribution.

# Accrued for FY2026.

+ Benefits-in-kind includes other benefits.

^ Also received \$300,000 consultancy fee and \$12,000 benefits-in-kind for services as consultant to the Company and board fees at two subsidiaries (\$21,000) for FY2026.

@ Retired as director of the Company on 28 July 2025.

There are no stock options, share-based incentives or other long-term benefits for FY2026.

### (II) KEY MANAGEMENT OF THE GROUP (AS AT 31 MARCH 2026)

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
Glajz-THG Pte Ltd	Mr John Glajz	Managing Director

No. of key executives in remuneration bands	FY2026
\$1,250,000 to below \$1,500,000	1
\$500,000 to below \$750,000	2

# CORPORATE GOVERNANCE

## DIRECTORS' ATTENDANCE AT MEETINGS IN FY2026

Board composition and Committees	Note	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	NA	1
Dr Kenny Chan Swee Kheng		2	NA	NA	1
Mr Lock Wai Han		2	2	1	1
Mr Kuah Boon Wee		2	2	1	1
Mr Liew Choon Wei	a)	1	1	NA	0
Mr Jeffrey Lee Yu Chern		2	NA	1	1
Ms Christine Bullitt Pillsbury		2	2	1	1
Mr Chow Wai San		2	2	NA	1

NA means not applicable.

Note:

a) Retired as director of the Company and chairman of the AC on 28 July 2025.

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION

### ETHICAL STANDARDS AND BUSINESS CONDUCT

The Company has developed a code of ethics and business conduct to be observed by all employees of the Group. The code of conduct also deals with subjects such as confidential information and conflict of interest. The code, which is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, requires that all personnel act with utmost integrity, objectivity and in compliance with both the letter and spirit of the law as well as with Company policies and procedures.

### DEALING IN SECURITIES

The Company has adopted an internal policy with respect to dealings in securities modelled on the SGX-ST's best practice recommendations. The following summarises the policies in place during the financial year:

- (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.

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION

### INTERESTED PERSON TRANSACTIONS (cont'd)

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	* \$1,009,373	–
Dr Henry Tay Yun Chwan	Director	^ \$157,180	–
Mr Lock Wai Han	Director	^ \$132,110	–
Mr Jeffrey Lee Yu Chern	Director	^ \$112,844	–

\* This comprises gross rental in respect of a two-year lease of office premises of \$904,824 at 12<sup>th</sup> floor Tong Building, Singapore, commencing 1 January 2026, leased from AMSTAY Pte Ltd, and a three-year lease of warehouse of \$104,549 at 3 Kaki Bukit Road 2, Singapore, commencing 1 December 2025, leased to AMSTAY Pte Ltd.

^ These comprise watch purchases from the Company.

### 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 FY2026, or have been entered into since the end of the previous financial year.

# 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 25)
  - 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	Mr Jeffry Lee Yu Chern	Ms Christine Bullitt Pillsbury
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.	Mr Lee's re-election was recommended by the NRC and approved by the Board. His background and experience contribute positively to, and augments, the core competencies of the Board members, and contribute to the quality of Board deliberations and diversity of perspectives on the Board.	Ms Pillsbury's re-election was recommended by the NRC and approved by the Board. Her 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
Shareholding interest in the listed issuer and its subsidiaries	Refer to "Directors' Statement" on page 67.	Nil	Nil

# CORPORATE GOVERNANCE

## DIRECTORS STANDING FOR RE-ELECTION

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

Director	Dr Henry Tay Yun Chwan	Mr Jeffrey Lee Yu Chern	Ms Christine Bullitt Pillsbury
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 the Group Managing Director of the Company.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other principal commitments including directorships <b>Present</b>	Nil	Senior Vice-President, HPL Properties Pte Ltd	Group Chief Corporate Officer, Ascentium Global Service Holdings Pte Ltd
<b>Past (for the last 5 years)</b>	Nil	Nil	Principal, Hillhouse Investment Management Ltd  Partner and Chief Operating Officer, Eighteen48 Partners Ltd

# CORPORATE GOVERNANCE

## DIRECTORS STANDING FOR RE-ELECTION

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

Director	Dr Henry Tay Yun Chwan	Mr Jeffry Lee Yu Chern	Ms Christine Bullitt Pillsbury
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(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

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

Director	Dr Henry Tay Yun Chwan	Mr Jeffry Lee Yu Chern	Ms Christine Bullitt Pillsbury
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

# CORPORATE GOVERNANCE

## DIRECTORS STANDING FOR RE-ELECTION

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

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

# CORPORATE GOVERNANCE

## DIRECTORS STANDING FOR RE-ELECTION

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

Director	Dr Henry Tay Yun Chwan	Mr Jeffry Lee Yu Chern	Ms Christine Bullitt Pillsbury
<i>If the answer to any question in items (a) to (k) below is 'Yes', full details must be given.</i>			
(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 was 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.



# SUSTAINABILITY REPORT

## BOARD STATEMENT

The Board is pleased to present the ninth annual Sustainability Report for The Hour Glass Limited (**the “Company”**) and its subsidiaries (**collectively, the “Group”**), for the financial year ended 31 March 2026 (**“FY2026”**). As the Group continues to position itself as a leading cultural retail enterprise for specialty watch retailing, it recognises that managing the socio-environmental impact of its operations is essential to achieving excellence in the field and securing the long-term sustainability of the business.

It is the Board’s responsibility to drive the Group’s policies and performance in key Environmental, Social and Governance (**“ESG”**) matters. The Board also provides oversight for and monitors the management of these material ESG matters. For this Sustainability Report, the Group has reviewed the material and additional ESG matters that have previously been identified — Regulatory Compliance, Security of Information, Risk Management and Managing Impact on Environment — and has determined that they continue to be relevant. In addition, the Group has commenced calculating and reporting its Scope 1 and Scope 2 greenhouse gas (**“GHG”**) emissions as part of its ongoing efforts to enhance environmental stewardship and align with evolving regulatory requirements on climate-related disclosures.

As we continue in our sustainability journey, the Group is committed to further incorporating sustainability into our business decisions and assuring our stakeholders that our business is conducted in a transparent and sustainable manner.

## BOARD OF DIRECTORS

29 June 2026

## INTRODUCTION

### ABOUT THIS REPORT

This is the Company’s ninth annual Sustainability Report, which presents our approaches and performance in respect of our key ESG matters for the period from 1 April 2025 to 31 March 2026 (**“FY2026”**).

The report has been prepared in accordance with the Global Reporting Initiatives (**“GRI”**) Universal Standards 2021, aligned with the reporting requirements of the SGX-ST Listing Rules 711A and 711B. We have chosen to report using the internationally recognised GRI framework which allows us to comprehensively report on sustainability metrics and impacts while meeting rigorous global benchmarks. Furthermore, the use of GRI framework is encouraged by SGX-ST in view of its wide international adoption.

The Company has considered the principles and disclosure concepts of International Financial Reporting Standards (**“IFRS”**) S1 and IFRS S2, and will progressively enhance its sustainability disclosures over time, taking into account the evolving regulatory developments from SGX on climate-related disclosures.

The scope of this report covers the watch business operations in Singapore<sup>1</sup>. The data displayed in this report covers FY2026, while comparative data from 1 April 2024 to 31 March 2025 (**“FY2025”**) and 1 April 2023 to 31 March 2024 (**“FY2024”**) have been incorporated where relevant. While the Company has not sought external assurance for this Sustainability Report and has relied on internal review by our internal audit function, it has commenced preliminary planning to refine its sustainability reporting practices in anticipation of the mandatory requirement for external assurance by FY2030.

<sup>1</sup> Operations in Hong Kong, Japan, Australia, New Zealand, Malaysia, Thailand and Vietnam, and retail and distribution of jewellery and investment in properties have been excluded from the general coverage of this report. Scope 1 and 2 greenhouse gas emissions data include all locations over which the Group maintains operational control as disclosed in the Greenhouse Gas Emissions section.

# SUSTAINABILITY REPORT

## INTRODUCTION

### GOVERNANCE STRUCTURE

The Group's sustainability strategy is directed by the Board, which plays a key role in ensuring that stakeholder expectations, particularly on ESG matters, are clearly understood and addressed. To support this responsibility and keep pace with evolving standards, all Directors have participated in a sustainability training course prescribed by SGX-ST.

The Board is supported by the Group Sustainability Committee ("**GSC**"), which consists of the Group's management team — who reports directly to the Board — and key employees from relevant departments. The Board-level Audit Committee ("**AC**") is responsible for overseeing the risk management frameworks and policies.

The AC relies on the Group's management assurance statements, audit reports and the whistleblowing policy, among other controls and procedures, in reviewing and identifying critical concerns in financial reporting and other matters. These critical concerns would then be brought up for discussion with the Board. There was no critical concern raised in FY2026 (FY2025: Nil).

The GSC plays a key role in overseeing and guiding the Group's management of its economic, environmental and social impacts. Senior executives from the relevant departments provide annual updates to the GSC on risk management processes implemented during the period.

With the Board's endorsement and the Group's ongoing commitment to improve internal policies and practices on sustainability and climate strategies, the GSC continues to revise and oversee the management of sustainability-related risks, diversity and opportunities. The sustainability performance is reviewed, with any critical concerns brought up for discussion during board meetings.

### VALUE CHAIN

For a holistic approach in sustainable development, The Hour Glass strives to embed sustainability throughout its value chain within our operating markets. The Group has taken efforts in performing due diligence with parties both up and downstream, namely our long-term brand partners and clients. The Group believes long-term prosperity will only follow, by working with trustworthy partners that share the Group's philosophy of patiently building the business with a coherent long-term strategy.

### STAKEHOLDER ENGAGEMENT

The Hour Glass' sustainability approach remains focused on delivering value for all stakeholders. The Group is committed to understanding the key concerns of our stakeholders, and we seek to address these concerns by engaging stakeholders on a regular basis. The Group's main stakeholder engagement activities are summarised in the following table.

# SUSTAINABILITY REPORT

## INTRODUCTION

### STAKEHOLDER ENGAGEMENT (cont'd)

Table 1: Stakeholder Engagement Approach

Engaged Stakeholder Group	Stakeholder Expectations	Modes of Engagement	Frequency of Engagement
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Profitability and performance</li> <li>Relevant results and information about the Group are provided on a timely basis</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> </ul>	Yearly
		<ul style="list-style-type: none"> <li>Announcement of half-yearly financial results</li> </ul>	Half-yearly
		<ul style="list-style-type: none"> <li>Corporate announcements on SGXNet</li> </ul>	Ongoing
Clients	<ul style="list-style-type: none"> <li>Excellence in service delivery</li> <li>Good product quality</li> <li>High levels of brand and product knowledge offered by trained watch specialists</li> <li>Good after-sales care</li> <li>A unique retail experience</li> </ul>	<ul style="list-style-type: none"> <li>Engaging with clients through events and tailored experiences</li> <li>After-sales correspondence through emails and phone calls</li> <li>Continuous upkeep and enhancements of boutiques</li> <li>The Group's digital platforms</li> </ul>	Ongoing
Brand Partners	<ul style="list-style-type: none"> <li>Conduct of business</li> <li>Prompt payment</li> <li>Provision of retail environment that is in line with their brand positioning</li> </ul>	<ul style="list-style-type: none"> <li>Business review meetings</li> <li>Appraisal of boutiques and merchandise presentation</li> <li>Correspondence through emails and phone calls</li> </ul>	Ongoing
Employees	<ul style="list-style-type: none"> <li>Competitive, fair compensation</li> <li>Continuous training, skills enhancement and career progression opportunities</li> <li>Safe and healthy work environment</li> </ul>	<ul style="list-style-type: none"> <li>Thorough induction programme for new employees to gain essential organisational knowledge</li> <li>Regular trainings, workshops and seminars to upgrade technical and soft skills</li> <li>Regular engagement to gather feedback and discuss work-related improvements</li> <li>Comprehensive and regular performance appraisals providing constructive feedback and discussions</li> </ul>	Ongoing
Government/ Regulators	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Timely reporting</li> <li>Risk management policies and framework in place</li> </ul>	<ul style="list-style-type: none"> <li>Regular review and update of internal policies, procedures and practices</li> <li>Updates on changes applicable to listing rules, financial reporting standards and other regulations at Board meetings</li> <li>Monitoring of key risks using established framework and processes</li> </ul>	Ongoing

# SUSTAINABILITY REPORT

## INTRODUCTION

### MATERIALITY ASSESSMENT

The comprehensive materiality assessment helps the Group to assess and identify ESG matters that are important to The Hour Glass and its stakeholders. Feedback from key stakeholders form a crucial part of our strategic and business planning and is viewed

as valuable insights for the Group to continuously improve its sustainability performance. This materiality assessment is conducted through a four-step process as shown in Figure 1 below.

*Figure 1: Materiality Assessment Process*

<b>1</b>	<b>Identification</b> A comprehensive list of ESG matters was identified through a desktop analysis of sustainability reports published by peers and interviews with key personnel from various departments.
<b>2</b>	<b>Prioritisation</b> The identified ESG matters were rated and prioritised by representatives from the various departments. Both internal and external stakeholders' perspectives were considered during the prioritisation process.
<b>3</b>	<b>Validation</b> Material matters that were identified in Step 2 were presented to the Board for their validation.
<b>4</b>	<b>Review</b> Material matters that were approved by the Board will continue to be re-assessed in successive reporting periods to ensure that the reported topics remain relevant and material.

To keep abreast of current ESG matters in this dynamic operating environment, The Hour Glass continually reviews our ESG matters on a yearly basis. In FY2026, we have reviewed the four ESG matters identified

in the previous year. We have retained all four ESG matters — Regulatory Compliance, Security of Information, Risk Management and Managing Impact on Environment.

*Table 2: The Hour Glass' Reported ESG Matters*

Materiality	Sustainability Category	ESG Matter
<b>Material</b>	Governance	Regulatory Compliance
	Social	Security of Information
<b>Additional</b>	Governance	Risk Management
	Environmental	Managing Impact on Environment

# SUSTAINABILITY REPORT

## PROFILE OF OUR WORKFORCE

We recognise that maintaining a diverse workforce is essential, and we value the range of experiences, perspectives and backgrounds our employees bring. This diversity supports the Company's continued progress and competitiveness. The Company is committed to providing fair compensation, training, and career development opportunities to both permanent and non-permanent employees, and across different age and gender groups, fostering a positive work environment for all.

As at 31 March 2026, our operations in Singapore employed a total of 228 employees<sup>2</sup> (31 March 2025: 236 employees<sup>3</sup>; 31 March 2024: 255 employees<sup>4</sup>) and 8 contractors (non-employees<sup>5</sup>) (31 March 2025: 8 contractors; 31 March 2024: 7 contractors). There are no non-guaranteed or part-time employees within the operations. Additionally, the gender and the age composition of our workforce remained similar over the reporting periods, with no significant year-on-year fluctuations observed.

Figure 2: Employees by Gender

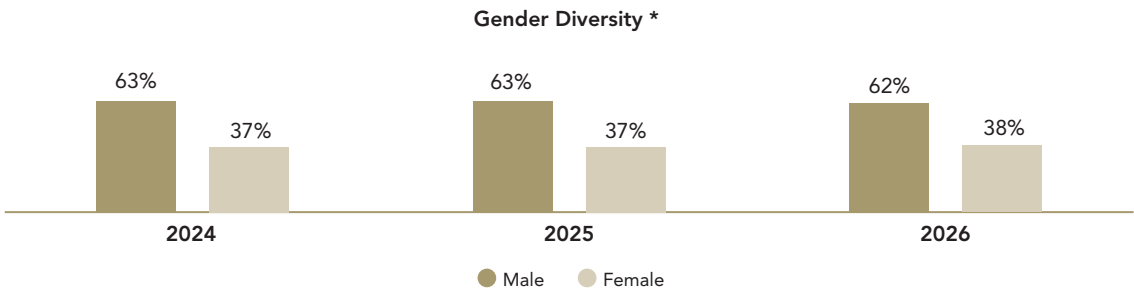
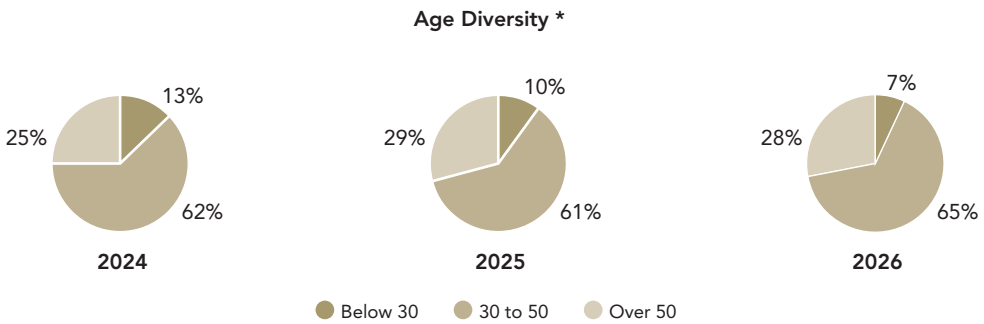


Figure 3: Employees by Age Group



\* Singapore Workforce Profile

<sup>2</sup> 31 March 2026: 226 full-time, permanent employees (140 male, 86 female) and 2 full-time, temporary employees (1 male, 1 female)  
<sup>3</sup> 31 March 2025: 234 full-time, permanent employees (148 male, 86 female) and 2 full-time, temporary employees (1 male, 1 female)  
<sup>4</sup> 31 March 2024: 253 full-time, permanent employees (159 male, 94 female) and 2 full-time, temporary employees (1 male, 1 female)  
<sup>5</sup> Contractors (non-employees) do not perform a significant share of our business activities

# SUSTAINABILITY REPORT

## REGULATORY COMPLIANCE

The Group remains committed to meeting all applicable statutory and regulatory obligations, while fostering a respectful and inclusive workplace that upholds fundamental human rights principles. This is in line with the expectations of our key stakeholders and in support of their continued trust and confidence. Upholding strong corporate governance standards enables the Group to mitigate regulatory, reputational and human rights related risks, while promoting ethical business practices and minimising potential financial penalties.

These laws and regulations include the Companies Act 1967, Income Tax Act 1947, Goods and Services Tax Act

1993, Employment Act 1968, Central Provident Fund Act 1953, Personal Data Protection Act 2012 (**"PDPA"**) and Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019, the listing rules of the SGX-ST and the Ministry of Manpower Singapore regulations relating to fair labour practices, protection against discrimination and workers' rights, in alignment with the International Labour Organisation standards.

The following table describes the key policies that the Group has put in place to guide our employees' behaviour at the workplace.

**Table 3: The Hour Glass' Policies and Guidelines on Regulatory Compliance**

Policy	Elaboration
<b>Code of Ethics and Business Conduct</b>	<ul style="list-style-type: none"> <li>• All employees are required to comply with the law and regulations</li> <li>• Employees are expected to act with integrity, objectivity and in compliance with the laws and Company's policies relating to:               <ul style="list-style-type: none"> <li>▪ Conflict of interest</li> <li>▪ Procurement activities</li> <li>▪ Integrity of records and accounting procedures</li> <li>▪ Protection of proprietary information</li> <li>▪ Workplace behaviour and misconduct (i.e. violence, intimidation, sexual, racial or other harassment) that may lead to disciplinary action or dismissal, while providing a channel for grievances to be raised responsibly</li> </ul> </li> </ul>
<b>Dealing in Securities</b>	<ul style="list-style-type: none"> <li>• The Group adopts a strict policy with respect to dealings in securities modelled on the SGX-ST's best practices and recommendations</li> </ul>
<b>Whistleblowing Policy</b>	<ul style="list-style-type: none"> <li>• The policy, which is available on the Group's internal learning platforms and regularly circulated to employees via electronic mail, provides a channel for employees to raise concerns about possible impropriety in matters of financial reporting, fraudulent acts, human rights, discrimination and harassment issues, or behaviour that might constitute a contravention of any rules, regulations or internal policies</li> <li>• The policy also states the Company's stance on ensuring that whistleblowers are protected from any form of retaliation, harassment or other discriminatory acts</li> <li>• The policy is overseen by the AC which ensures that procedures are in place for independent investigations and appropriate follow-up action</li> </ul>
<b>Anti-Money Laundering ("AML")</b>	<ul style="list-style-type: none"> <li>• The Company implements internal policies, procedures and controls (<b>"IPPC"</b>) as a guide to AML compliance</li> <li>• To ensure compliance, employees are required to attend training sessions</li> <li>• Internal training sessions are conducted regularly</li> <li>• IPPC are made available to all employees through internal online platforms</li> </ul>

# SUSTAINABILITY REPORT

## REGULATORY COMPLIANCE

*Table 3: The Hour Glass' Policies and Guidelines on Regulatory Compliance (cont'd)*

Policy	Elaboration
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>The Board is overall responsible for the corporate governance matters of the Group</li> <li>The management team provides leadership in the implementation of the corporate governance policies and activities</li> </ul>
<b>Tax Governance Policy<sup>6</sup></b>	<ul style="list-style-type: none"> <li>The policy ensures the Company complies with statutory and legal tax obligations, including conducting appropriate due diligence before adopting a tax position on any significant issue</li> <li>The policy is implemented to prescribe the overall coordination and tax planning, and monitoring of all tax issues</li> </ul>

The Group believes that its proactive approach towards compliance has underpinned corporate governance, and that its actions continue to be effective. Figure 4 shows several actions taken to ensure and assess the standards of regulatory compliance within the Group.

*Figure 4: The Hour Glass' Practices for Ensuring and Assessing Regulatory Compliance*

<b>Ensuring Regulatory Compliance</b>	<b>Evaluating Effectiveness of Regulatory Compliance Management</b>
<ul style="list-style-type: none"> <li>All new employees are briefed and enrolled for internal courses on the Code of Ethics and Business Conduct, Whistleblowing Policy and AML compliance during orientation and induction</li> <li>Employees are regularly updated on regulatory changes and may also request to attend related seminars to familiarise themselves with technical updates</li> <li>Executives are updated on key financial reporting standards, listing rules, relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Established internal audit functions to conduct audits and review internal controls</li> <li>Continuous learning and upgrade of regulatory knowledge and know-how for all levels of employees</li> <li>Workshops are conducted to update employees of regulatory requirements</li> <li>Internal learning platforms provide evaluation on individual employees</li> </ul>
<b>Our Perpetual Target</b>	<b>Performance for FY2026</b>
<p>To achieve zero incident of non-compliance with laws and regulations that would result in financially punitive measures</p> <p>Maintaining the target of strict compliance safeguards the Company's reputation, directly avoiding financial penalties and reducing potential liabilities that could impact profitability and shareholder value</p>	<p>100% compliance with laws and regulations in FY2026 with zero reported incidents of non-compliance</p> <p>The Group will continue to strive to maintain this record</p>

*Perpetual targets are ongoing sustainability objectives that our organisation commits to indefinitely. These targets are regularly reviewed and updated based on our progress and evolving external conditions to ensure continuous improvement towards our sustainability goals.*

<sup>6</sup> <https://www.thehourglass.com/investor-relations-corporate-reports>

# SUSTAINABILITY REPORT

## SECURITY OF INFORMATION

Safeguarding information is a top priority for The Hour Glass. Strong information security measures help prevent unauthorised access, cyber threats and data breaches, while also reducing the risk of reputational damage, loss of customer trust and loyalty, financial impact, and legal exposure.

The Hour Glass also acknowledges that effective information security measures have the potential to foster trust and loyalty among stakeholders. Additionally, the implementation of robust information security protocols can confer a competitive edge in the modern digital era.

We are compliant with PDPA in Singapore and the local data protection laws in the markets we operate in. The Group has also aligned our Privacy Policy to the key principles of the General Data Protection Regulation ("**GDPR**"), a European Union regulation on data protection and privacy.

The Group's Privacy Policy is available on our corporate website <sup>7</sup>, which details the purposes of data collection, use, disclosure and transfer of personal data. This policy is overseen by The Hour Glass' Data Protection Officer ("**DPO**"). Details on how clients and prospects can access and correct their personal data, as well as make a privacy-related complaint, can also be found in the policy. The Company takes any reported cases of non-compliance seriously and will perform thorough assessments should such cases arise. In cases where any risk or non-compliance is identified, the respective laws and regulations will be reiterated to the team. Where the severity of non-compliance is high and may involve a data breach, the Personal Data Protection Committee will be informed and necessary actions in line with PDPA will be taken.

To ensure the security of our stakeholders' information and to prevent a breach of data security, the Group undertakes a series of steps to ensure compliance with our Privacy Policy (Figure 5).

**Figure 5: Steps Taken to Ensure Information Security and Policy Effectiveness Evaluation**

Ensuring Data Security
<p><b>Compliance with Personal Data Protection Regulations</b></p> <ul style="list-style-type: none"> <li>• Continuous education and review on privacy policies and controls</li> <li>• Ensure compliance of data protection regulations</li> <li>• Strict control over user access rights with approval process in place</li> </ul> <p><b>Implementation of Data Protection Procedures</b></p> <ul style="list-style-type: none"> <li>• Prospect and client data collection be conducted upon consent</li> <li>• Marketing information is sent on an opt-in basis</li> <li>• Access to data stored digitally in internal systems is restricted</li> <li>• Electronic files are password-protected if they contain sensitive data</li> <li>• Security controls are implemented to identify and prevent intrusion</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• The Hour Glass internal learning platforms provide resources and references on PDPA</li> <li>• New hires' orientation includes briefing and eLearning on PDPA policies and procedures</li> <li>• Employees are enrolled for courses related to data security, PDPA, GDPR and other related courses as part of continuous education</li> </ul> <p><b>Third Parties</b></p> <ul style="list-style-type: none"> <li>• All third parties involved in handling of personal data are required to adhere to data protection policies and procedures</li> <li>• Third parties may be required to sign non-disclosure agreements and undertakings to protect personal data</li> </ul>

<sup>7</sup> [www.thehourglass.com/privacy-policy](http://www.thehourglass.com/privacy-policy)

# SUSTAINABILITY REPORT

## SECURITY OF INFORMATION

Figure 5: Steps Taken to Ensure Information Security and Policy Effectiveness Evaluation (cont'd)

Evaluating Effectiveness of Data Security Management	
<ul style="list-style-type: none"> <li>• Cybersecurity assessments are performed on all systems to identify potential threats</li> <li>• User access, roles and audit logs are monitored regularly</li> <li>• Program changes are monitored closely to ensure changes are tested and documented</li> <li>• Phishing campaigns are executed to assess employees' vigilance against potential threats</li> <li>• Internal audits are conducted to identify areas of improvement</li> </ul>	
Our Perpetual Target	Performance for FY2026
<p>To achieve zero security incident of unauthorized access, data breaches, malware attacks or non-compliance of data protection laws</p> <p>Meeting targets for the security of information enhances customer trust and protects organisational assets, crucially preventing financial losses from data breaches, system disruptions, and regulatory fines, thereby supporting sustained financial health and business continuity</p>	<p>100% compliance with PDPA and data protection laws with zero reported incidents of non-compliance</p> <p>There were zero substantiated complaints concerning breaches of customer privacy and identified losses of customer data</p> <p>The Group will continue to strive to maintain this record</p>

*Perpetual targets are ongoing sustainability objectives that our organisation commits to indefinitely. These targets are regularly reviewed and updated based on our progress and evolving external conditions to ensure continuous improvement towards our sustainability goals.*

## RISK MANAGEMENT

The Group has also adopted Risk Management as an additional ESG matter to reflect the importance of managing risks in the Group. Besides maintaining a sound system of risk management and internal controls, the Group has developed and implemented a Board Assurance Framework which includes an Enterprise Risk Management ("**ERM**") Framework to identify the significant risks faced by the Group, the potential impact and likelihood of those risks occurring, and the control effectiveness and action plans being taken to mitigate those risks. The Group 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 Group also reviews the risks associated with money laundering, terrorism financing and proliferation financing activities, and adheres to IPPC to minimise these risks.

The Group's ERM process aims to achieve the following:

- A structured, disciplined and systematic approach to managing risks;
- Robust reporting on risk identified;
- Accountability for outcomes and risk treatment action plans; and
- Sustainability

# SUSTAINABILITY REPORT

## RISK MANAGEMENT

The following are steps that the Group follows for identifying, assessing and reporting risks:

*Figure 6: Steps in Identifying, Assessing and Reporting Risks*

<p><b>Step 1: Establish Context</b>                  Establish internal and external context: Understanding of the objectives, KPIs and the external and internal organizational environment</p>
<p><b>Step 2: Communication and Consultation</b>                  Communication of risks and consultation of all relevant external and internal stakeholders to support risk management decisions</p>
<p><b>Step 3: Risk Assessment and Treatment</b></p> <ul style="list-style-type: none"> <li>A) Identify and prioritise key risks</li> <li>B) Review risk parameters to assess the likelihood and impact of risks</li> <li>C) Risk analysis and evaluation: Analysis of risk drivers, consequences and existing controls and evaluation of whether the risks identified are managed properly and within the tolerance limits</li> <li>D) Implementation of risk treatment action plans to further manage risks to an acceptable level</li> </ul>
<p><b>Step 4: Monitor and Report</b></p> <ul style="list-style-type: none"> <li>A) Risk monitoring activities ensure risks are managed in a structured and timely manner</li> <li>B) Risk reporting and escalation to the Board</li> </ul>

The Group 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 approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to mitigate such risks and risk management policies are monitored by management, periodically reviewed and approved by the AC.

# SUSTAINABILITY REPORT

## MANAGING IMPACT ON ENVIRONMENT

The Group is committed to strengthening its approach to environmental matters as its sustainability journey evolves. This includes reviewing and enhancing the existing processes, strategies, and practices over time, with reference to relevant international standards and recognised frameworks.

### RESOURCE CONSERVATION

The Group recognises the importance of sustainability. To minimise its environmental impact, the Group has implemented strategies to save energy and paper. These efforts contribute to environmental preservation and align with the growing consumer demand for sustainable practices.

*Figure 7: Strategies for Environmental Conservation*

<p><b>Energy Conservation</b></p> <p>Energy conservation is an area where the Group can have an impact on the environment. The Group adopts the following practices to manage energy use:</p> <ul style="list-style-type: none"> <li> <p><b>LED Lighting</b></p> <p>Replacing traditional incandescent bulbs with LED lighting reduces energy consumption significantly. LEDs are more energy-efficient, have a longer lifespan, and produce less heat, which can also reduce the load on air conditioning systems.</p> </li> <li> <p><b>Energy-efficient Appliances</b></p> <p>Upgrading to energy-efficient appliances, systems and equipment with energy-saving features and better Energy Star ratings, helps reduce overall energy consumption.</p> </li> </ul>
<p><b>Reduction on Usage of Paper</b></p> <p>In an age where digital technology is prevalent, reducing paper usage is both feasible and beneficial for the Group in responding to consumer preferences. Strategies to minimise paper consumption include:</p> <ul style="list-style-type: none"> <li> <p><b>Digital Communication</b></p> <p>Shifting from printed materials to digital communication for marketing, client correspondence, and internal communications reduces paper use.</p> <p>Since FY2025, printed annual reports are provided only upon shareholder's request prior to the Annual General Meeting, reflecting the Group's ongoing focus on environmental responsibility. Shareholders can access the annual report via the Group's website and the SGX-ST platform.</p> </li> <li> <p><b>Paperless Systems</b></p> <p>Implementing paperless electronic systems reduces paper use and improves efficiency.</p> </li> <li> <p><b>Recycling Programs</b></p> <p>Selective recycling programs manage paper waste where feasible.</p> </li> </ul>

# SUSTAINABILITY REPORT

## MANAGING IMPACT ON ENVIRONMENT

### GREENHOUSE GAS EMISSIONS

Monitoring its Scope 1 and Scope 2 emissions marks an important step in the Group's sustainability journey, helping to build a clearer understanding of its carbon footprint and informing future environmental priorities, while supporting alignment with the SGX climate-related disclosure requirements.

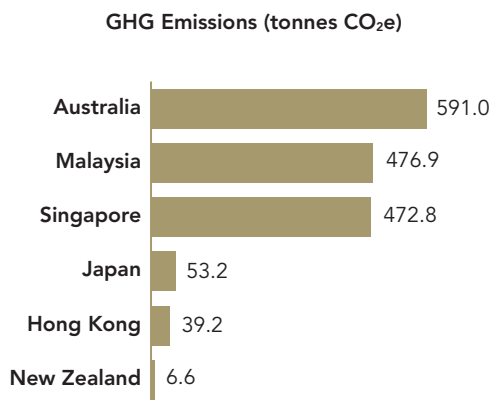
The Group's primary sources of Scope 1 and Scope 2 emissions are as follows:

Scope 1	Scope 2
<ul style="list-style-type: none"> <li>Vehicle-related fuel consumption</li> <li>Fugitive Emissions<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li>Electricity</li> <li>Chilled Water</li> </ul>

The majority of the Group's emissions are Scope 2 emissions from electricity usage. The Group is progressively strengthening its approach to carbon emissions management, including the formulation of strategies to enhance governance and reduce its carbon footprint. Further details on the Group's strategies and frameworks will be progressively disclosed in future reports over the coming years.

	FY2026 GHG Emissions (tonnes CO <sub>2</sub> e)
Scope 1	23.2
Scope 2	1,639.7
<b>Total</b>	<b>1,662.9</b>

Figure 8: Breakdown of Scope 2 Emissions by Countries



### Supplementary Information

#### Methodology on GHG emission calculation:

- The group defines its organisational boundaries for environmental reporting using the operational control method set out in the GHG Protocol Corporate Standard. The entities covered in this Sustainability Report relate to premises over which we maintain operational control.
- Scope 1 greenhouse gas emissions comprise emissions from sources that are owned or directly controlled by the organisation. For reporting purposes, this primarily covers mobile fuel combustion, including the use of diesel and petrol, and is reported in tonnes of CO<sub>2</sub>e. Emission factors for fossil fuels are sourced from the GHG Protocol Cross-Sector Tools, while Global Warming Potential (GWP) values are based on the IPCC Fifth Assessment Report (AR5). The gases in the calculations include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. The group's operations do not generate any biogenic CO<sub>2</sub>e emissions.

<sup>8</sup> The fugitive emissions are based on the top-up of fire extinguishers

# SUSTAINABILITY REPORT

## MANAGING IMPACT ON ENVIRONMENT

### GREENHOUSE GAS EMISSIONS (cont'd)

#### **Supplementary Information**

3. Within the reporting boundary, Scope 2 emissions result from the consumption of purchased electricity and chilled water and are reported in tonnes of CO<sub>2</sub>. Only CO<sub>2</sub> is included in the Scope 2 emissions calculations. Electricity-related emissions are assessed using the location-based method. Grid emission factors (GEFs) for New Zealand, Australia, Hong Kong, and Japan are sourced from the IEA Emissions Factors 2025. For Singapore and Malaysia, grid emission factors are obtained from national sources, including the Singapore Energy Statistics 2025 published by the Energy Market Authority (EMA) MyEnergyStats published by the Malaysian Energy Commission (ST).

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of Use</b>	The Hour Glass Limited has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Nil

<b>GRI Standard Disclosure Reference</b>	<b>Description</b>	<b>Section of Report/Reasons for Omission</b>	<b>Page Reference(s)</b>
<b>GRI 2: GENERAL DISCLOSURES 2021</b>			
2-1	Organisational details	Board Statement Financial Statements	49 83
2-2	Entities included in the organisation's sustainability reporting	About this Report Financial Statements	49 83
2-3	Reporting period, frequency and contact point	Board Statement About this Report	49 49
2-4	Restatements of information	No significant change or error that influences information users' decision making occurred that requires restatement	
2-5	External assurance	About this Report	49
2-6	Activities, value chain and other business relationships	Value Chain Stakeholder Engagement Financial Statements	50 50-51 83
2-7	Employees	Profile of Our Workforce	53
2-8	Workers who are not employees		
2-9	Governance structure and composition	Governance Structure Corporate Governance	50 20-25
2-10	Nomination and selection of the highest governance body	Corporate Governance	26-29
2-11	Chair of the highest governance body	Corporate Governance	26
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Structure Corporate Governance	50 20-22, 31-34
2-13	Delegation of responsibility for managing impacts	Governance Structure Materiality Assessment	50 52
2-14	Role of the highest governance body in sustainability report		

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
<b>GRI 2: GENERAL DISCLOSURES 2021</b>			
2-15	Conflicts of interest	Corporate Governance	20-22,36, 40-41,43
2-16	Communication of critical concerns	Governance Structure	50
2-17	Collective knowledge of the highest governance body		
2-18	Evaluation of the performance of the highest governance body	Corporate Governance	26-29
2-19	Remuneration policies	Corporate Governance	29-31, 37-38
2-20	Process to determine remuneration	Corporate Governance	29-31, 37-38
2-21	Annual total compensation ratio	The Company will not be providing this information due to the confidential and commercial sensitivities associated with remuneration matters	
2-22	Statement on sustainable development strategy	Board Statement	49
2-23	Policy commitments	Regulatory Compliance Security of Information Risk Management Managing Impact on Environment	54-55 56-57 57-58 59-61
2-24	Embedding policy commitments		
2-25	Processes to remediate negative impacts	Stakeholder Engagement	50-51
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement Regulatory Compliance	50-51 54-55
2-27	Compliance with laws and regulations	Regulatory Compliance	54-55
2-28	Membership associations	Singapore Clock and Watch Trade Association Singapore Retailers Association Singapore National Employers Federation Singapore Business Federation Orchard Road Business Association	
2-29	Approach to stakeholder engagement	Stakeholder Engagement Materiality Assessment	50-51 52

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
2-30	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements The working conditions and terms of employment of these employees are not influenced or determined based on other collective bargaining agreements	
<b>GRI 3: MATERIAL TOPICS 2021</b>			
3-1	Process to determine material topics	Stakeholder Engagement Materiality Assessment	50-51 52
3-2	List of material topics	Materiality Assessment	52
3-3	Management of material topics	Stakeholder Engagement Regulatory Compliance Security of Information	50-51 54-55 56-57
<b>GRI 418: CUSTOMER PRIVACY 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of Information	56-57
<b>GRI 305: EMISSION 2016</b>			
305-1	Direct (Scope 1) GHG emissions	Managing Impact on Environment	60-61
305-2	Energy indirect (Scope 2) GHG emissions	Managing Impact on Environment	60-61

The Company will receive any feedback on its Sustainability Report through this email address: [ir@thehourglass.com](mailto:ir@thehourglass.com)





## 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 2026.

### 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 2026 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 Jeffry Lee Yu Chern  
 Ms Christine Bullitt Pillsbury  
 Mr Chow Wai San

### Arrangements to enable directors to acquire shares or 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 or 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 or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
<b>Ordinary shares of the Company</b>				
Henry Tay Yun Chwan	42,003,368	37,003,368	377,172,869	377,172,869
Michael Tay Wee Jin	50,004,098	55,004,098	36,881,200	36,881,200
Kenny Chan Swee Kheng	2,725,497	2,725,497	448,878	448,878
<b>Immediate and ultimate holding company</b>				
- TYC Investment Pte Ltd				
<b>Class A shares</b>				
Henry Tay Yun Chwan	1	1	-	-
<b>Ordinary shares</b>				
Michael Tay Wee Jin	252,499	252,499	-	-

## DIRECTORS' STATEMENT

### Directors' interests in shares or 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 2026.

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, at the date of appointment if later, or at the end of the financial year.

### Share options

- (i) No options to take up unissued shares in the Company or its subsidiaries have been granted during the financial year.
- (ii) No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.
- (iii) As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

### Audit Committee

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

Mr Chow Wai San (Chairman) \*  
Mr Kuah Boon Wee  
Mr Lock Wai Han  
Ms Christine Bullitt Pillsbury

\* (Appointed as Chairman on 28 July 2025)

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.

## DIRECTORS' STATEMENT

### **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  
2 June 2026

## **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026**

### **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 2026, 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 2026 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED**

**Key Audit Matters (cont'd)**

Areas of focus	How our audit addressed the risk factors
<p><b>Allowance for inventories</b></p> <p>The Group's inventories amounted to \$362,189,000 as at 31 March 2026. The Group carries a range of luxury watches, jewellery and other luxury products as merchandise for resale.</p> <p>The Group records its inventories at the lower of cost and net realisable value. The determination of net realisable value is subject to significant estimation uncertainty, in particular because the saleability and margins of luxury 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.</p> <p>Refer to Note 2.16 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 20 (inventories).</p>	<ul style="list-style-type: none"> <li>● We involved the component auditors in our audit of the Group's inventories.</li> <li>● We reviewed management's basis for determining inventory allowances and consistency with Group policy.</li> <li>● 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.</li> <li>● 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.</li> <li>● We assessed the state and condition of selected inventory items when we observed management's year-end inventory counts at selected retail boutiques.</li> <li>● We obtained and evaluated the independent appraisal reports of selected jewellery and precious stone items performed by qualified gemologists.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

### Key Audit Matters (cont'd)

Areas of focus	How our audit addressed the risk factors
<p><b>Valuation of investment properties</b></p> <p>The Group's investment properties amounted to \$225,230,000 as at 31 March 2026.</p> <p>The Group measures its investment properties at fair value through profit or loss where significant judgement and estimation is required to determine the appropriate valuation method as well as the underlying valuation assumptions.</p> <p>The Group uses independent and professionally qualified external valuers to determine the fair value of investment properties using a combination of valuation techniques, which include the income capitalisation, discounted cash flow and direct comparison methods. These methods require the use of estimates such as capitalisation rates, discount rates, terminal yields and rental income.</p> <p>These valuation results are based on the relevant market conditions prevailing at the reporting date, which are subject to change after the reporting period. Accordingly, some of the external valuers have included cautionary statements about the heightened uncertainty over valuations in their valuation reports. Accordingly, we have identified this as a key audit matter.</p> <p>Refer to Note 2.9 (accounting policy), Note 3.2 (key sources of estimation uncertainty) and Note 14 (investment properties).</p>	<ul style="list-style-type: none"> <li>● We involved the component auditors in our audit of the Group's investment properties.</li> <li>● We assessed management's process for reviewing and assessing the work of the external valuers.</li> <li>● 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.</li> <li>● We considered the objectivity, independence and competency of the external valuers.</li> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> <li>● We reviewed the adequacy of financial statement disclosures.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

### Key Audit Matters (cont'd)

Areas of focus	How our audit addressed the risk factors
<p><b>Accounting for business combination</b></p> <p>During the financial year, the Group completed the acquisition of 100% issued and paid-up share capital of THGRAU Pty Ltd (previously known as A.C.N. 685 541 851 Pty Ltd) for a cash consideration of approximately S\$75.3 million. The Group used an independent professionally qualified external valuer to perform the purchase price allocation exercise ("PPA").</p> <p>Significant judgement and estimates were made in the PPA exercise on the identification of intangibles and measurement of the fair value of the identified assets. Given the quantitative materiality of the acquisition and the significant management judgement required in the PPA exercise, we considered the accounting for the above acquisitions to be a key audit matter.</p> <p>Refer to Note 2.5 (accounting policy), Note 16 (investment in subsidiaries) and Note 31 (acquisition of a subsidiary).</p>	<ul style="list-style-type: none"> <li>● We involved the component auditors in our audit of the Group's accounting for business combination.</li> <li>● We performed procedures over the opening balances as at acquisition date to substantiate the accuracy of the acquired balances.</li> <li>● We involved our internal valuation specialists to assist us in the below-mentioned procedures to evaluate of the reasonableness of the PPA exercise, including an assessment of the identification of acquired intangibles and the valuation methodology applied in the valuing of identifiable intangibles acquired and goodwill recognised.</li> <li>● We considered the objectivity, independence and competency of the external valuers.</li> <li>● We assessed the appropriateness of the valuation method used in the fair valuation of acquired assets and liabilities, including the reasonableness of the underlying valuation assumptions by making comparison with available external market data.</li> <li>● We reviewed the impairment assessment on goodwill and intangible assets, in particular the appropriateness of CGUs identified and reasonableness of key assumptions used.</li> <li>● We reviewed the adequacy of financial statement disclosures.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises 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.

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

### 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.
- 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.

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2026 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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  
2 June 2026

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 \$'000	2025 \$'000
<b>Revenue</b>	4	1,338,223	1,162,874
Other income	5	14,927	15,823
<b>Revenue and other income</b>		1,353,150	1,178,697
Cost of goods sold		931,461	803,162
Employee benefits expense		79,975	72,969
Selling and promotion expenses		40,660	40,708
Depreciation of property, plant and equipment	12	17,354	15,735
Depreciation of right-of-use assets	13	35,267	32,327
Rental expenses		11,765	6,419
Finance costs	6	9,358	7,464
Foreign exchange loss		1,342	2,214
Other expenses	7	27,373	27,938
<b>Costs and expenses</b>		(1,154,555)	(1,008,936)
Fair value gain/(loss) on investment properties	14	20,255	(6,454)
Share of results of associates		15,644	12,125
<b>Profit before taxation</b>	8	234,494	175,432
Income tax expense	9	(55,032)	(39,349)
<b>Profit for the year</b>		179,462	136,083
<b>Profit attributable to:</b>			
Owners of the Company		179,427	135,811
Non-controlling interests		35	272
		179,462	136,083
<b>Earnings per share (cents)</b>			
Basic and diluted	11	27.79	20.94

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 2026

	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Profit for the year</b>	179,462	136,083
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	14,892	(2,163)
Share of other comprehensive income of associates	102	15
<b>Other comprehensive income for the year, net of tax</b>	14,994	(2,148)
<b>Total comprehensive income for the year</b>	194,456	133,935
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	195,011	133,635
Non-controlling interests	(555)	300
	194,456	133,935

## STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	Group		Company	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	247,389	205,649	13,613	12,254
Right-of-use assets	13	198,274	90,732	44,793	51,790
Investment properties	14	225,230	217,029	72,957	73,009
Intangible assets	15	99,887	6,895	2,024	3,090
Investment in subsidiaries	16	–	–	241,456	185,201
Investment in associates	17	107,139	97,737	–	–
Other receivables	18	9,712	10,588	4,284	4,850
Deferred tax assets	19	1,802	1,060	143	–
		<u>889,433</u>	<u>629,690</u>	<u>379,270</u>	<u>330,194</u>
<b>Current assets</b>					
Inventories	20	362,189	328,305	214,609	209,795
Trade and other receivables	18	28,871	31,815	14,938	15,962
Prepaid operating expenses		3,512	3,212	764	759
Amounts due from associates	21	503	484	395	349
Amounts due from subsidiaries	22	–	–	10,245	9,238
Cash and bank balances	23	157,526	178,689	28,326	50,018
		<u>552,601</u>	<u>542,505</u>	<u>269,277</u>	<u>286,121</u>
Asset held for sale	24	–	6,998	–	–
		<u>552,601</u>	<u>549,503</u>	<u>269,277</u>	<u>286,121</u>
<b>Total assets</b>		<u>1,442,034</u>	<u>1,179,193</u>	<u>648,547</u>	<u>616,315</u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Loans and borrowings	25	–	54,811	–	–
Trade and other payables	26	88,230	58,916	27,114	24,868
Amounts due to subsidiaries	22	–	–	3,191	3,396
Lease liabilities	27	30,987	27,787	15,803	16,881
Income tax payable		25,116	16,131	12,314	11,323
		<u>144,333</u>	<u>157,645</u>	<u>58,422</u>	<u>56,468</u>
<b>Net current assets</b>		<u>408,268</u>	<u>391,858</u>	<u>210,855</u>	<u>229,653</u>
<b>Non-current liabilities</b>					
Lease liabilities	27	178,361	69,217	31,319	37,098
Deferred tax liabilities	19	35,430	10,692	–	162
Other payables	26	778	814	82	154
		<u>214,569</u>	<u>80,723</u>	<u>31,401</u>	<u>37,414</u>
<b>Total liabilities</b>		<u>358,902</u>	<u>238,368</u>	<u>89,823</u>	<u>93,882</u>
<b>Net assets</b>		<u>1,083,132</u>	<u>940,825</u>	<u>558,724</u>	<u>522,433</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	28(a)	67,638	67,638	67,638	67,638
Treasury shares	28(b)	(9,086)	(108,216)	(9,086)	(108,216)
Reserves	29	1,011,166	967,254	500,172	563,011
		<u>1,069,718</u>	<u>926,676</u>	<u>558,724</u>	<u>522,433</u>
<b>Non-controlling interests</b>		<u>13,414</u>	<u>14,149</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u>1,083,132</u>	<u>940,825</u>	<u>558,724</u>	<u>522,433</u>
<b>Total equity and liabilities</b>		<u>1,442,034</u>	<u>1,179,193</u>	<u>648,547</u>	<u>616,315</u>

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 2026

	Attributable to owners of the Company								
	Share capital	Treasury shares	Foreign currency translation reserve	Capital reserve	Asset revaluation reserve	Revenue reserve	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
<b>Balance at 1 April 2024</b>	67,638	(104,701)	(62,695)	(142)	3,448	944,856	848,404	14,029	862,433
Profit for the year	–	–	–	–	–	135,811	135,811	272	136,083
<u>Other comprehensive income:</u>									
Foreign currency translation	–	–	(2,191)	–	–	–	(2,191)	28	(2,163)
Share of other comprehensive income of associates	–	–	15	–	–	–	15	–	15
Total other comprehensive income	–	–	(2,176)	–	–	–	(2,176)	28	(2,148)
<b>Total comprehensive income</b>	–	–	(2,176)	–	–	135,811	133,635	300	133,935
<b>Contributions by and distributions to owners</b>									
Purchase of treasury shares (Note 28(b))	–	(3,515)	–	–	–	–	(3,515)	–	(3,515)
Dividends on ordinary shares (Note 10)	–	–	–	–	–	(51,848)	(51,848)	–	(51,848)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(180)	(180)
<b>Total transactions with owners in their capacity as owners</b>	–	(3,515)	–	–	–	(51,848)	(55,363)	(180)	(55,543)
<b>Balance at 31 March 2025</b>	67,638	(108,216)	(64,871)	(142)	3,448	1,028,819	926,676	14,149	940,825

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 2026

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Capital reserve	Asset revaluation reserve	Revenue reserve	Total attributable to owners of the Company		
<b>Group (cont'd)</b>									
<b>Balance at 1 April 2025</b>	67,638	(108,216)	(64,871)	(142)	3,448	1,028,819	926,676	14,149	940,825
Profit for the year	-	-	-	-	-	179,427	179,427	35	179,462
<u>Other comprehensive income:</u>									
Foreign currency translation	-	-	15,482	-	-	-	15,482	(590)	14,892
Share of other comprehensive income of associates	-	-	102	-	-	-	102	-	102
Total other comprehensive income	-	-	15,584	-	-	-	15,584	(590)	14,994
<b>Total comprehensive income</b>	-	-	15,584	-	-	179,427	195,011	(555)	194,456
<b>Contributions by and distributions to owners</b>									
Purchase of treasury shares (Note 28(b))	-	(13,189)	-	-	-	-	(13,189)	-	(13,189)
Cancellation of treasury shares (Note 28(b))	-	112,319	-	-	-	(112,319)	-	-	-
Dividends on ordinary shares (Note 10)	-	-	-	-	-	(38,780)	(38,780)	-	(38,780)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(180)	(180)
<b>Total transactions with owners in their capacity as owners</b>	-	99,130	-	-	-	(151,099)	(51,969)	(180)	(52,149)
<b>Balance at 31 March 2026</b>	67,638	(9,086)	(49,287)	(142)	3,448	1,057,147	1,069,718	13,414	1,083,132

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 2026

	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Company</b>				
<b>Balance at 1 April 2024</b>	67,638	(104,701)	519,878	482,815
Profit for the year, representing total comprehensive income	–	–	94,981	94,981
<b>Contributions by and distributions to owners</b>				
Purchase of treasury shares (Note 28(b))	–	(3,515)	–	(3,515)
Dividends on ordinary shares (Note 10)	–	–	(51,848)	(51,848)
<b>Total transactions with owners in their capacity as owners</b>	–	(3,515)	(51,848)	(55,363)
<b>Balance at 31 March 2025 and 1 April 2025</b>	67,638	(108,216)	563,011	522,433
Profit for the year, representing total comprehensive income	–	–	88,260	88,260
<b>Contributions by and distributions to owners</b>				
Purchase of treasury shares (Note 28(b))	–	(13,189)	–	(13,189)
Cancellation of treasury shares (Note 28(b))	–	112,319	(112,319)	–
Dividends on ordinary shares (Note 10)	–	–	(38,780)	(38,780)
<b>Total transactions with owners in their capacity as owners</b>	–	99,130	(151,099)	(51,969)
<b>Balance at 31 March 2026</b>	67,638	(9,086)	500,172	558,724

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 2026

	Note	2026 \$'000	2025 \$'000
<b>Operating activities</b>			
Profit before taxation		234,494	175,432
Adjustments for:			
Finance costs	6	9,358	7,464
Interest income	5	(1,666)	(3,631)
Depreciation of property, plant and equipment	12	17,354	15,735
Depreciation of right-of-use assets	13	35,267	32,327
Amortisation of intangible assets	15	1,700	1,348
Amortisation of deferred income		(246)	(255)
Foreign currency translation adjustment		3,370	(295)
Net loss on disposal of property, plant and equipment	7	357	1,010
Fair value (gain)/loss on investment properties	14	(20,255)	6,454
Gain on disposal of asset held for sale	5	(510)	–
Gain on disposal of investment security	5	(500)	–
Share of results of associates		(15,644)	(12,125)
<b>Operating cash flows before changes in working capital</b>		<u>263,079</u>	<u>223,464</u>
Increase in inventories		(30,318)	(13,366)
Decrease/(increase) in trade and other receivables		4,479	(852)
Increase in prepaid operating expenses		(182)	(1,409)
Increase in amounts due from associates		(19)	(289)
Increase/(decrease) in trade and other payables		27,583	(3,573)
Decrease in amounts due to associates		–	(105)
<b>Cash flows from operations</b>		<u>264,622</u>	<u>203,870</u>
Income taxes paid		(43,726)	(42,256)
Interest paid		(2,663)	(3,910)
Interest received		1,666	3,631
<b>Net cash flows from operating activities</b>		<u>219,899</u>	<u>161,335</u>
<b>Investing activities</b>			
Acquisition of a subsidiary, net of cash acquired	31	(75,331)	–
Payments for purchase of property, plant and equipment	12	(31,245)	(26,372)
Additions to intangible assets	15	(542)	(1,518)
Additions to/payments for purchase of investment properties	14	(43)	(80,312)
Proceeds from disposal of asset held for sale		7,508	–
Proceeds from disposal of investment security		500	–
Proceeds from disposal of property, plant and equipment		104	369
Dividend received from an associate		5,132	2,952
Increase in fixed deposits with maturity of more than 3 months		(9,903)	(108)
<b>Net cash flows used in investing activities</b>		<u>(103,820)</u>	<u>(104,989)</u>
<b>Financing activities</b>			
Proceeds from loans and borrowings		40,000	10,000
Repayment of loans and borrowings		(96,666)	(36,677)
Payment of lease liabilities (including interest paid)		(36,609)	(33,854)
Dividends paid to non-controlling interests		(180)	(180)
Dividends paid on ordinary shares	10	(38,780)	(51,848)
Purchase of treasury shares	28(b)	(13,189)	(3,515)
<b>Net cash flows used in financing activities</b>		<u>(145,424)</u>	<u>(116,074)</u>
Net decrease in cash and cash equivalents		(29,345)	(59,728)
Effect of exchange rate changes on cash and cash equivalents		(2,333)	190
Cash and cash equivalents at 1 April		<u>169,404</u>	<u>228,942</u>
<b>Cash and cash equivalents at 31 March</b>	23	<u>137,726</u>	<u>169,404</u>

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 2026

### 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 period beginning on 1 April 2025. The adoption of these standards did not have any material effect on the financial statements of the Group and the Company.

#### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 and SFRS(I) 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvement to SFRS(I)s – Volume 11	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
SFRS(I) 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to SFRS(I) 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to SFRS(I) 1-21 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

## 2. Material accounting policy information (cont'd)

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

Except for SFRS(I) 18, the directors expect that the adoption of the new and amendments to the standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 18 is described below.

#### SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18 replaces SFRS(I) 1-1 *Presentation of Financial Statements*. SFRS(I) 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to SFRS(I) 1-7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

SFRS(I) 18, and the amendments to the other standards, is effective for reporting period beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. SFRS(I) 18 will apply retrospectively.

The amendments will have an impact on disclosures in the financial statements but not on the measurement or recognition of any items in the Group's financial statements.

### 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. Material accounting policy information (cont'd)

### 2.5 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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 are 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. Material accounting policy information (cont'd)

### 2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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 Asset held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

### 2.9 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.

## 2. Material accounting policy information (cont'd)

### 2.9 Investment properties (cont'd)

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 *Property, Plant and Equipment* and its fair value in the same way as a revaluation in accordance with SFRS(I) 1-16.

### 2.10 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.

### 2.11 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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

## 2. Material accounting policy information (cont'd)

### 2.11 Intangible assets (cont'd)

#### (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) Distribution rights

Distribution rights were acquired in a business combination. Distribution rights with an indefinite useful life are stated at cost less accumulated impairment losses. The useful life of the distribution rights is estimated to be indefinite as there is no foreseeable limit to the period over which the distribution rights is expected to generate net cash inflows for the Group.

### 2.12 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, 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 at 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. Material accounting policy information (cont'd)

### 2.13 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.

### 2.14 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*

##### Debt instruments

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.

## 2. Material accounting policy information (cont'd)

### 2.14 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### *Subsequent measurement (cont'd)*

##### Debt instruments (cont'd)

#### (ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

#### (iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

##### *De-recognition*

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

##### *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. Material accounting policy information (cont'd)**

### **2.15 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.

### **2.16 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.

### **2.17 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 and have a maturity of 3 months or less when acquired. These also include bank overdrafts that form an integral part of the Group's cash management.

### **2.18 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.

### **2.19 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.

## 2. Material accounting policy information (cont'd)

### 2.19 Provisions (cont'd)

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.

### 2.20 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.

### 2.21 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 20 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 2.13.

## 2. Material accounting policy information (cont'd)

### 2.21 Leases (cont'd)

*As lessee (cont'd)*

#### (b) Lease liabilities

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

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

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

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

*As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(b). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.22 Revenue

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

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

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

#### (a) Sale of goods

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

## 2. Material accounting policy information (cont'd)

### 2.22 Revenue (cont'd)

(b) *Rental income*

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

Dividend income is recognised at a point in time when the Group's right to receive payment is established.

(e) *Management fee income*

Management fee income is recognised over time when the services are rendered.

### 2.23 Taxes

(a) *Current income tax*

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

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

(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

## 2. Material accounting policy information (cont'd)

### 2.23 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) *Sales tax*

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

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

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

### 2.24 *Share capital and share issuance expenses*

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

### 2.25 *Treasury shares*

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

## 2. Material accounting policy information (cont'd)

### 2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

## 3. Significant accounting judgements and estimates

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

### 3.1 Judgements made in applying accounting policies

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

#### (a) *Income taxes*

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

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

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	1,802	1,060	143	–
Income tax payable	25,116	16,131	12,314	11,323
Deferred tax liabilities	35,430	10,692	–	162

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

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

(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 2026, potential future (undiscounted) cash outflows of approximately \$8,280,000 (2025: \$10,003,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

(c) *Purchase price allocation review*

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

#### 3.2 Key sources of estimation uncertainty

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

(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.

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

#### 3.2 Key sources of estimation uncertainty (cont'd)

(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 2026 was \$247,389,000 (2025: \$205,649,000).

(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.

(e) *Purchase price allocation review*

The Group completed the acquisition of THGRAU Pty Ltd during the year. The acquisition requires the evaluation of the fair values of the identifiable assets, including intangible assets acquired, and liabilities assumed. The evaluation of the fair values of identifiable assets and liabilities assumed involves significant estimates over the cashflow projections, discount rate, useful lives of assets and allocation of the resultant goodwill. Refer to Note 31 for details of the THGRAU Pty Ltd acquisition.

### 4. Revenue

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

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

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

The Group has determined that disaggregation of revenue using existing segments and geographical markets meet the disclosure objective in SFRS(I) 15.114. Information regarding operating segments is disclosed in Note 34.

#### 4. Revenue (cont'd)

##### (b) Contract liabilities

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

	Group		
	31 March		1 April
	2026	2025	2024
	\$'000	\$'000	\$'000
Deposits from customers (Note 26)	16,944	9,948	8,274

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	
	2026	2025
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	6,739	5,298

#### 5. Other income

	Group	
	2026	2025
	\$'000	\$'000
Rental income	8,811	9,087
Interest income from cash and bank balances	1,666	3,631
Management fee income from associates	2,769	2,451
Gain on disposal of asset held for sale	510	–
Gain on disposal of investment security	500	–
Others	671	654
	14,927	15,823

#### 6. Finance costs

	Group	
	2026	2025
	\$'000	\$'000
Interest on loans and borrowings	2,663	3,910
Interest on lease liabilities	6,695	3,554
	9,358	7,464

**7. Other expenses**

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Net loss on disposal of property, plant and equipment	357	1,010
Facility costs	11,295	10,317
Professional fees	4,627	4,274
General and administrative expenses	11,094	12,337
	<u>27,373</u>	<u>27,938</u>

**8. Profit before taxation**

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

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Employee benefits expense (including executive directors):		
- Salaries, bonuses and other costs	74,284	67,753
- Contributions to defined contribution plans	5,691	5,216
Directors' fees	677	695
Audit fees:		
- Auditor of the Company	305	396
- Other auditors – network firms	294	252
- Other auditors – non-network firms	31	41
Non-audit fees – audit-related services:		
- Auditor of the Company	8	8
- Other auditors – network firms	16	13
- Other auditors – non-network firms	23	17
Non-audit fees – non-audit-related services:		
- Auditor of the Company	258	145
- Other auditors – network firms	71	96
- Other auditors – non-network firms	148	171
	<u>148</u>	<u>171</u>

## 9. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2026 and 2025 are:

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Consolidated income statement:</b>		
Current income tax		
- Current income taxation	51,977	40,547
- Under provision in respect of previous years	152	122
	52,129	40,669
Deferred income tax		
- Origination and reversal of temporary differences	2,903	(1,320)
	2,903	(1,320)
Income tax expense recognised in profit or loss	55,032	39,349

### 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 2026 and 2025 are as follow:

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Profit before taxation	234,494	175,432
Less: share of results of associates	(15,644)	(12,125)
	218,850	163,307
Tax calculated using Singapore corporate tax rate of 17% (2025: 17%)	37,205	27,762
Adjustments:		
Non-deductible expenses	2,363	2,237
Non-taxable income	(105)	(102)
Effect of different tax rates in other countries	15,481	9,446
Effect of partial tax exemption and tax relief	(92)	(140)
Under provision in respect of previous years	152	122
Others	28	24
Income tax expense recognised in profit or loss	55,032	39,349

**9. Income tax expense (cont'd)**International Tax Reform – Pillar Two

The Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion (“GloBE”) Model Rules (“Pillar Two model rules”) apply to multinational enterprises with annual consolidated revenue in excess of EUR750 million.

The Group is within the scope of the OECD Pillar Two model rules. In Singapore, the Pillar Two model rules, comprising a Multinational Enterprise Top-up Tax (the equivalent of the Income Inclusion Rule) and Domestic Top-up Tax (the equivalent of a Qualified Domestic Minimum Top-up Tax), are effective for financial years beginning on or after 1 January 2025. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024. Under the legislation in the respective jurisdictions, the Group may be liable to pay a top-up tax based on the difference between the GloBE effective tax rate for the jurisdiction and the 15% minimum rate.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the country-by-country reporting and financial information for the constituent entities in the Group. As at 31 March 2026, the Group did not have subsidiaries in countries where statutory tax rate is less than 15%. Hence any top-up tax is not expected to have a material impact to the Group. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, balance sheets and cash flows.

**10. Dividends****Group and Company**

	2026	2025
	\$'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 2025: 4.00 cents (2024: 6.00 cents)	25,875	38,886
- Interim exempt (one-tier) dividend in respect of the year ended 31 March 2026: 2.00 cents (2025: 2.00 cents)	12,905	12,962
	<u>38,780</u>	<u>51,848</u>

On 22 May 2026, the Board of Directors recommended a final dividend of 4.00 cents per ordinary share for the year ended 31 March 2026 (2025: 4.00 cents), amounting to approximately \$25,615,000 (2025: \$25,875,000). This is subject to the approval of the shareholders of the Company at the Annual General Meeting to be held on 21 July 2026.

**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 2026 and 2025:

	<b>Group</b>	
	2026	2025
	\$'000	\$'000
Profit for the year attributable to owners of the Company	179,427	135,811
	'000	'000
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	<u>645,683</u>	<u>648,516</u>

## 12. Property, plant and equipment

	Freehold land and premises \$'000	Leasehold premises \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>					
<b>Cost:</b>					
At 1 April 2024	184,163	6,924	85,960	1,334	278,381
Additions	–	–	25,172	1,200	26,372
Reclassification	151	–	(151)	–	–
Disposals/write-offs	–	–	(11,795)	(526)	(12,321)
Foreign currency translation adjustment	(7,023)	15	(532)	7	(7,533)
At 31 March 2025 and 1 April 2025	177,291	6,939	98,654	2,015	284,899
Additions	–	–	31,118	127	31,245
Acquisition of a subsidiary (Note 31)	–	–	4,211	–	4,211
Disposals/write-offs	–	–	(5,176)	(94)	(5,270)
Transferred from investment properties (Note 14)	8,924	7,870	–	–	16,794
Foreign currency translation adjustment	7,389	(261)	2,803	(4)	9,927
At 31 March 2026	193,604	14,548	131,610	2,044	341,806
<b>Accumulated depreciation and impairment loss:</b>					
At 1 April 2024	15,843	1,828	56,670	919	75,260
Depreciation charge for the year	2,503	163	12,809	260	15,735
Disposals/write-offs	–	–	(10,714)	(228)	(10,942)
Foreign currency translation adjustment	(539)	4	(269)	1	(803)
At 31 March 2025 and 1 April 2025	17,807	1,995	58,496	952	79,250
Depreciation charge for the year	2,444	159	14,467	284	17,354
Disposals/write-offs	–	–	(4,715)	(94)	(4,809)
Foreign currency translation adjustment	536	(63)	2,157	(8)	2,622
At 31 March 2026	20,787	2,091	70,405	1,134	94,417
<b>Net carrying amount:</b>					
At 31 March 2026	172,817	12,457	61,205	910	247,389
At 31 March 2025	159,484	4,944	40,158	1,063	205,649

**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 2026 are as follows:

**(a) Freehold land and premises (at cost)**

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Singapore</b>		
638 square metres office unit at 302 Orchard Road, Tong Building	7,664	7,664
<b>Australia</b>		
439 square metres shop unit at 70 Castlereagh Street, Sydney	8,877	8,414
389 square metres office unit at 70 Castlereagh Street, Sydney	2,689	2,549
1,180 square metres shop and office unit at 252 Collins Street, Melbourne	23,806	22,566
1,027 square metres shop and office unit at 192 Pitt Street, Sydney	39,366	37,315
2,056 square metres shop and office unit at 151-171 Edward Street and 211 Elizabeth Street, Brisbane	77,158	73,138
<b>New Zealand</b>		
911 square metres shop and office unit at 90-92 Queen Street, Auckland	22,311	23,011
1,204 square metres shop and office unit at 101 Queen Street, Auckland	8,924	–
<b>Malaysia</b>		
805 square metres office units at Wisma UOA II at 21 Jalan Pinang, Kuala Lumpur	2,809	2,634
	<b>193,604</b>	<b>177,291</b>

*Transfers between investment properties and property, plant and equipment*

During the financial year, the Group reclassified 1,204 square metres of shop and office unit at 101 Queen Street, Auckland from investment properties due to the change of use of the premises (Note 14).

As at 31 March 2025, certain freehold land and premises with net carrying amount of \$78,330,000 were charged to secure the Group's bank loans (Note 25).

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

### (b) Leasehold premises (at cost)

	Group	
	2026	2025
	\$'000	\$'000
<b>Singapore</b>		
564 square metres warehouse unit at Eunos Warehouse Complex at Kaki Bukit Road 2	1,677	1,677
<b>Hong Kong</b>		
202 square metres office unit at Starhouse, No. 3 Salisbury Road, Kowloon	5,001	5,262
210 square metres office unit at Hong Kong Diamond Exchange, 8-10 Duddell Street, Central	7,870	–
	14,548	6,939

#### *Transfers between investment properties and property, plant and equipment*

During the financial year, the Group reclassified 210 square metres office unit at Hong Kong Diamond Exchange, 8-10 Duddell Street, Central from investment properties due to the change of use of the premises (Note 14).

### (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	
	2026	2025
	\$'000	\$'000
Furniture, fittings and equipment	24,182	6,568

## 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
<b>Company</b>					
<b>Cost:</b>					
At 1 April 2024	7,664	1,677	32,682	918	42,941
Additions	–	–	3,801	1,200	5,001
Disposals/write-offs	–	–	(8,209)	(526)	(8,735)
At 31 March 2025 and 1 April 2025	7,664	1,677	28,274	1,592	39,207
Additions	–	–	5,701	127	5,828
Disposals/write-offs	–	–	(3,344)	(94)	(3,438)
At 31 March 2026	7,664	1,677	30,631	1,625	41,597
<b>Accumulated depreciation:</b>					
At 1 April 2024	4,699	667	25,516	607	31,489
Depreciation charge for the year	153	58	3,429	233	3,873
Disposals/write-offs	–	–	(8,181)	(228)	(8,409)
At 31 March 2025 and 1 April 2025	4,852	725	20,764	612	26,953
Depreciation charge for the year	153	58	3,635	257	4,103
Disposals/write-offs	–	–	(2,978)	(94)	(3,072)
At 31 March 2026	5,005	783	21,421	775	27,984
<b>Net carrying amount:</b>					
At 31 March 2026	2,659	894	9,210	850	13,613
At 31 March 2025	2,812	952	7,510	980	12,254

### 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:

	<b>Group</b>	<b>Company</b>
	\$'000	\$'000
<b>Cost:</b>		
At 1 April 2024	213,787	129,445
Additions	21,006	13,307
Lease modifications	14,347	13,653
Disposals/write-offs	(30,306)	(27,411)
Foreign currency translation adjustment	870	–
At 31 March 2025 and 1 April 2025	219,704	128,994
Additions	132,328	14,329
Acquisition of a subsidiary (Note 31)	7,439	–
Lease modifications	744	(3,828)
Disposals/write-offs	(36,702)	(2,482)
Foreign currency translation adjustment	1,646	–
At 31 March 2026	325,159	137,013
<b>Accumulated depreciation:</b>		
At 1 April 2024	126,314	85,183
Depreciation charge for the year	32,327	19,432
Disposals/write-offs	(30,306)	(27,411)
Foreign currency translation adjustment	637	–
As at 31 March 2025 and 1 April 2025	128,972	77,204
Depreciation charge for the year	35,267	17,498
Disposals/write-offs	(36,702)	(2,482)
Foreign currency translation adjustment	(652)	–
At 31 March 2026	126,885	92,220
<b>Net carrying amount:</b>		
At 31 March 2026	198,274	44,793
At 31 March 2025	90,732	51,790

**14. Investment properties****Statements of financial position**

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
At 1 April	217,029	156,266	73,009	5,192
Additions	43	80,312	–	71,899
Transferred to property, plant and equipment (Note 12)	(16,794)	–	–	–
Transferred to asset held for sale (Note 24)	–	(6,998)	–	–
Gain/(loss) from fair value adjustments recognised in profit or loss	20,255	(6,454)	(52)	(4,082)
Foreign currency translation adjustment	4,697	(6,097)	–	–
At 31 March	<u>225,230</u>	<u>217,029</u>	<u>72,957</u>	<u>73,009</u>

**Income statement**

	Group	
	2026	2025
	\$'000	\$'000
Rental income from investment properties	6,280	6,549
Direct operating expenses arising from investment properties that generated rental income	<u>2,795</u>	<u>2,404</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

**Valuation of investment properties**

Investment properties are stated at fair value, which has been determined based on latest valuations performed near to the end of reporting period. The valuations are performed by accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuers used valuation techniques comprising of income capitalisation, discounted cash flow and direct comparison methods. These methods require the use of estimates such as capitalisation rates, discount rates, terminal yields and rental income. Details of valuation techniques and inputs used are disclosed in Note 36.

#### 14. Investment properties (cont'd)

The investment properties held by the Group as at 31 March 2026 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	52 years
1,276 square metres office units at 302 Orchard Road, Tong Building, Singapore	Office	Freehold	NA
612 square metres unit at Eunost Warehouse Complex at Kaki Bukit Road 2, Singapore	Warehouse	Leasehold	15 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
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
397 square metres office units at Wisma UOA II at 21 Jalan Pinang, Kuala Lumpur, Malaysia	Office	Freehold	NA

As at 31 March 2025, certain investment properties with carrying amount of \$54,389,000 were charged to secure the Group's bank loans (Note 25).

## 15. Intangible assets

	Goodwill \$'000	Distribution rights \$'000	Brands \$'000	Customer relationships \$'000	Software \$'000	Total \$'000
<b>Group</b>						
<b>Cost:</b>						
At 1 April 2024	8,954	–	4,772	799	5,813	20,338
Additions	–	–	–	–	1,518	1,518
Foreign currency translation adjustment	(450)	–	(9)	(40)	–	(499)
At 31 March 2025 and 1 April 2025	8,504	–	4,763	759	7,331	21,357
Additions	–	–	–	–	542	542
Acquisition of a subsidiary (Note 31)	22,276	66,545	–	–	–	88,821
Foreign currency translation adjustment	1,080	3,996	(5)	(23)	–	5,048
At 31 March 2026	31,860	70,541	4,758	736	7,873	115,768
<b>Accumulated amortisation and impairment loss:</b>						
At 1 April 2024	8,954	–	866	799	2,985	13,604
Amortisation charge for the year	–	–	92	–	1,256	1,348
Foreign currency translation adjustment	(450)	–	–	(40)	–	(490)
At 31 March 2025 and 1 April 2025	8,504	–	958	759	4,241	14,462
Amortisation charge for the year	–	–	92	–	1,608	1,700
Foreign currency translation adjustment	(258)	–	–	(23)	–	(281)
At 31 March 2026	8,246	–	1,050	736	5,849	15,881
<b>Net carrying amount:</b>						
At 31 March 2026	23,614	70,541	3,708	–	2,024	99,887
At 31 March 2025	–	–	3,805	–	3,090	6,895

## 15. Intangible assets (cont'd)

Brands relate to various brand names that were acquired in business combinations. Included in carrying amount of brands is an amount of \$163,000 (2025: \$169,000) with indefinite useful life. The remaining balance of \$3,545,000 (2025: \$3,636,000) has a remaining amortisation period of 38 (2025: 39) years.

Software has average remaining amortisation period of 2 (2025: 2) years.

Distribution rights were acquired in business combination with indefinite useful life.

Goodwill acquired in business combinations are allocated to the cash-generating units ("CGUs"), which are the watch and jewellery business of The Hour Glass (NZ) Limited and watch business of THGRAU Pty Ltd, a subsidiary which was acquired during the year. The goodwill allocated to The Hour Glass (NZ) Limited was fully impaired in the previous financial years.

### Impairment testing of goodwill and distribution rights

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

	<b>2026</b>
Pre-tax discount rate	19.1%
Terminal growth rate	<u>2.5%</u>

### ***Key assumptions used in the value-in-use calculation***

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

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

### ***Sensitivity to changes in assumptions***

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

**15. Intangible assets (cont'd)**

	<b>Software</b>
	\$'000
<b>Company</b>	
<b>Cost:</b>	
At 1 April 2024	5,813
Additions	1,518
At 31 March 2025 and 1 April 2025	<u>7,331</u>
Additions	542
At 31 March 2026	<u>7,873</u>
<b>Accumulated amortisation:</b>	
At 1 April 2024	2,985
Amortisation charge for the year	1,256
At 31 March 2025 and 1 April 2025	<u>4,241</u>
Amortisation charge for the year	1,608
At 31 March 2026	<u>5,849</u>
<b>Net carrying amount:</b>	
At 31 March 2026	<u>2,024</u>
At 31 March 2025	<u>3,090</u>
<b><i>Intangible assets under development (at cost)</i></b>	

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

	<b>Group and Company</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Software	<u>20</u>	<u>69</u>

**16. Investment in subsidiaries**

	<b>Company</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Unquoted shares, at cost	243,920	185,201
Accumulated impairment loss	(2,464)	–
Unquoted shares, at carrying value	<u>241,456</u>	<u>185,201</u>

## 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		Carrying value of investments	
		2026 %	2025 %	2026 \$'000	2025 \$'000
<b>Held by the Company</b>					
<i>Retailing and distribution of watches, jewellery and related products</i>					
① Dynasty Watch Pte Ltd	Singapore	100	100	500	500
① Glajz-THG Pte Ltd	Singapore	60	60	990	990
② The Hour Glass Sdn Bhd	Malaysia	100	100	2,045	2,045
② The Hour Glass (HK) Limited	Hong Kong	100	100	10,261	10,261
② The Hour Glass (Australia) Pty Ltd	Australia	100	100	157,746	99,002
④ 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
③ The Hour Glass (NZ) Limited	New Zealand	100	100	52,423	52,423
④⑦ The Hour Glass (Taiwan) Limited Company	Republic of China	–	100	–	25
②⑧ The Hour Glass (Shanghai) Co., Limited	People's Republic of China	100	100	521	2,985
<i>Investment holding</i>					
②⑤ The Hour Glass Holding (Thailand) Co., Ltd	Thailand	49	49	2	2
				241,456	185,201

### **Held through subsidiaries**

*Retailing and distribution of watches,  
jewellery and related products*

②⑤ The Hour Glass (Thailand) Co., Ltd	Thailand	49	49		
② Watches of Switzerland (2014) Sdn Bhd	Malaysia	100	100		
③ Watches of Switzerland (NZ) Limited	New Zealand	100	100		
②⑥ THGRAU Pty Ltd	Australia	100	–		

① Audited by Ernst & Young LLP, Singapore.

② Audited by member firms of Ernst & Young Global in the respective countries.

③ Audited by Forvis Mazars Risk and Assurance Pty Ltd, Australia.

④ Not required to be audited under the laws of its country of incorporation.

⑤ The Group holds a 98.97% controlling interest in the subsidiary through its voting rights.

⑥ Acquired during the financial year.

⑦ Dissolved during the financial year.

⑧ Impairment loss of \$2,464,000 recognised during the financial year following management's assessment of the recoverable amount of the investment.

**16. Investment in subsidiaries (cont'd)**

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

	<b>Glajz-THG Pte Ltd</b>	
	<b>2026</b>	<b>2025</b>
	%	%
Proportion of ownership interest held by NCI	40	40
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
(Loss)/profit after tax allocated to NCI	(138)	140
Accumulated NCI at the end of the reporting period	12,012	12,906
Dividends paid to NCI	180	180
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Summarised financial information about subsidiary with material NCI</b>		
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Statement of financial position</b>		
Non-current assets	48	193
Current assets	30,971	34,623
Current liabilities	(988)	(2,510)
Non-current liabilities	–	(40)
Net assets	30,031	32,266
<b>Statement of comprehensive income</b>		
Revenue	18,283	20,266
(Loss)/profit for the year, representing total comprehensive income for the year	(346)	351
<b>Other summarised information</b>		
Net cash flows (used in)/from operating activities	(507)	2,139

## 17. Investment in associates

The Group's investment in associates is summarised below:

	Group	
	2026 \$'000	2025 \$'000
THG Prima Times Company Limited and its subsidiaries	107,139	97,737

Name of company/ Principal activities	Principal place of business and incorporation	Proportion of ownership interest	
		2026 %	2025 %
<b><i>Held through subsidiary</i></b>			
<i>Retailing and distribution of watches and other luxury products</i>			
① THG Prima Times Company Limited	Thailand	49	49
<b><i>Held through associates</i></b>			
<i>Retailing and distribution of watches and related products</i>			
②⑤ Royal Paragon Watch Limited	Thailand	49	49
① THG Prima Times (SP) Company Limited	Thailand	49	49
③ THG Prima Times (Vietnam) Company Limited	Vietnam	49	49
④ Global Watch Business Company Limited	Vietnam	49	49
<i>Retailing and distribution of watches and leasing of building, furniture, equipment and properties</i>			
②⑤ Siam Dynasty Limited	Thailand	49	49
<i>Investment holding</i>			
④ SDY Vietnam Company Limited	Vietnam	49	49

① Audited by PricewaterhouseCoopers ABAS Ltd, Thailand.

② Audited by Baker Tilly Audit and Advisory Services (Thailand) Ltd.

③ Audited by PwC (Vietnam) Limited, Vietnam.

④ Audited by TV ASC Vietnam Audit Company Limited, Vietnam.

⑤ In the process of voluntary liquidation.

**17. Investment in associates (cont'd)**

The summarised financial information of the associate material to the Group and a reconciliation with the carrying amount of the investment in the consolidated financial statements are presented below. The summarised financial information below represents amounts in associate's financial statements prepared in accordance with International Financial Reporting Standards, which is equivalent to SFRS (I):

	<b>THG Prima Times Company Limited and its subsidiaries</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
<b>Statement of financial position</b>		
Current assets	156,262	139,830
Non-current assets	88,851	85,845
Total assets	<u>245,113</u>	<u>225,675</u>
Current liabilities	17,762	16,940
Non-current liabilities	13,073	13,262
Total liabilities	<u>30,835</u>	<u>30,202</u>
Net assets	<u>214,278</u>	<u>195,473</u>
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>
Group's share of net assets/carrying amount of the investment	<u>107,139</u>	<u>97,737</u>
<b>Statement of comprehensive income</b>		
Revenue	291,077	259,148
Profit for the year	31,288	24,250
Other comprehensive income	204	30
Total comprehensive income for the year	<u>31,492</u>	<u>24,280</u>

## 18. Trade and other receivables

	Note	Group		Company	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
<b>Trade and other receivables (current)</b>					
Trade receivables		9,296	15,590	2,658	7,418
Other receivables		13,979	11,215	11,071	7,666
Deposits		5,596	5,010	1,209	878
		<u>28,871</u>	<u>31,815</u>	<u>14,938</u>	<u>15,962</u>
<b>Other receivables (non-current)</b>					
Deposits		<u>9,712</u>	<u>10,588</u>	<u>4,284</u>	<u>4,850</u>
<b>Total trade and other receivables (current and non-current)</b>					
		38,583	42,403	19,222	20,812
Representing:					
- Financial assets		37,789	41,248	19,222	20,812
- Non-financial assets (comprising of GST receivable and others)		<u>794</u>	<u>1,155</u>	<u>-</u>	<u>-</u>
Financial assets		37,789	41,248	19,222	20,812
Add:					
- Amounts due from associates	21	503	484	395	349
- Amounts due from subsidiaries	22	-	-	10,245	9,238
- Cash and bank balances	23	<u>157,526</u>	<u>178,689</u>	<u>28,326</u>	<u>50,018</u>
Total financial assets carried at amortised cost		<u>195,818</u>	<u>220,421</u>	<u>58,188</u>	<u>80,417</u>

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

### 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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Movement in allowance accounts:				
At 1 April	106	110	-	-
Foreign currency translation adjustment	<u>5</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
At 31 March	<u>111</u>	<u>106</u>	<u>-</u>	<u>-</u>

**18. Trade and other receivables (cont'd)*****Expected credit losses (cont'd)***Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to \$908,000 and \$Nil (2025: \$947,000 and \$41,000) respectively that are past due at the end of the reporting period but not impaired.

The Group and the Company have other receivables amounting to \$267,000 and \$154,000 (2025: \$1,183,000 and \$67,000) respectively that are past due at the end of the reporting period but not impaired.

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	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Swiss Franc	3,838	7,108	3,468	5,281
Euro	1,601	268	1,601	268
United States Dollar	3,845	–	3,845	–
Hong Kong Dollar	421	394	421	394
Others	466	349	355	125

**19. Deferred tax assets/(liabilities)**

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
<b><i>As presented in the statements of financial position</i></b>				
Deferred tax assets	1,802	1,060	143	–
Deferred tax liabilities	(35,430)	(10,692)	–	(162)
	<u>(33,628)</u>	<u>(9,632)</u>	<u>143</u>	<u>(162)</u>

## 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	
	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax liabilities</b>								
Property, plant and equipment	(8,799)	(8,080)	492	(897)	-	-	(671)	(840)
Investment properties	(8,529)	(4,526)	4,171	442	-	-	-	-
Business combinations	(21,677)	(529)	(16)	(16)	-	-	-	-
Other temporary differences	(89)	(53)	35	(138)	-	-	-	-
	<u>(39,094)</u>	<u>(13,188)</u>					<u>(671)</u>	<u>(840)</u>
<b>Deferred tax assets</b>								
Provisions and other temporary differences	3,424	2,276	(1,056)	(196)	-	-	417	305
Leases	2,042	1,280	(723)	(515)	-	-	397	373
	<u>5,466</u>	<u>3,556</u>	<u>2,903</u>	<u>(1,320)</u>	<u>-</u>	<u>-</u>	<u>814</u>	<u>678</u>

Movement in deferred income tax account is as follows:

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
At 1 April	(9,632)	(11,484)	(162)	141
Recognised in profit or loss	(2,903)	1,320	305	(303)
Acquisition of a subsidiary (Note 31)	(19,963)	-	-	-
Foreign currency translation adjustment	(1,130)	532	-	-
At 31 March	<u>(33,628)</u>	<u>(9,632)</u>	<u>143</u>	<u>(162)</u>

**19. Deferred tax assets/(liabilities) (cont'd)*****Unrecognised temporary differences relating to investments in subsidiaries***

As at 31 March 2026, 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 \$199,652,000 (2025: \$164,400,000). The deferred tax liability is estimated to be \$18,635,000 (2025: \$14,923,000).

***Tax consequences of proposed dividends***

There are no income tax consequences for 2026 and 2025 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**

	<b>Group</b>		<b>Company</b>	
	<b>2026</b>	<b>2025</b>	<b>2026</b>	<b>2025</b>
	\$'000	\$'000	\$'000	\$'000
<b><i>Statements of financial position</i></b>				
Finished goods at lower of cost and net realisable value	362,189	328,305	214,609	209,795
			<b>Group</b>	
			<b>2026</b>	<b>2025</b>
			\$'000	\$'000
<b><i>Income statement</i></b>				
Inventories recognised as an expense in cost of sales			918,933	797,101
Allowance for inventories			9,510	2,820

**21. Amounts due from associates**

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Amounts due from associates - trade	108	135	–	–
Amounts due from associates - non trade	395	349	395	349
Total amounts due from associates	<u>503</u>	<u>484</u>	<u>395</u>	<u>349</u>

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

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

**22. Amounts due from/(to) subsidiaries**

	Company	
	2026	2025
	\$'000	\$'000
Amounts due from subsidiaries		
- Trade	27	–
- Non-trade	10,218	9,238
	<u>10,245</u>	<u>9,238</u>
Amounts due to subsidiaries		
- Trade	–	(96)
- Non-trade	(3,191)	(3,300)
	<u>(3,191)</u>	<u>(3,396)</u>
	<u>7,054</u>	<u>5,842</u>

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

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

**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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Cash at bank and on hand	97,906	125,085	28,326	50,018
Fixed deposits with banks	59,620	53,604	–	–
Cash and bank balances	157,526	178,689	28,326	50,018
Less: fixed deposits with maturity of more than 3 months	(19,800)	(9,285)	–	–
Cash and cash equivalents	137,726	169,404	28,326	50,018

Cash at bank, fixed deposits with banks and fixed deposits with maturity of more than 3 months earn interest at floating rates based on prevailing bank deposit rates. Fixed deposits 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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Swiss Franc	2,060	1,842	689	261
Singapore Dollar	12,543	5,043	–	–
United States Dollar	8,999	9,048	1,311	1,710
Others	119	403	98	100

**24. Asset held for sale**

	Group	
	2026 \$'000	2025 \$'000
Transferred from investment properties (Note 14)	–	6,998

During the financial year, the Group disposed off the entire shop and office unit at 201 Elizabeth Street, Brisbane (the "Property"). The Property was classified as an asset held for sale as at 31 March 2025 in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. The gain on disposal was \$510,000 (2025: \$Nil).

## 25. Loans and borrowings

	Group	
	2026 \$'000	2025 \$'000
Secured bank loans	–	54,811

- (a) During the financial year, the Group repaid the secured loans of \$54,811,000 outstanding as at 31 March 2025. Interest is charged at rates ranging from 4.51% to 5.19% (2025: 5.14% to 5.42%) per annum.

The secured bank loans of \$54,811,000 as at 31 March 2025 were secured by first mortgages over certain freehold land and premises (Note 12), investment properties (Note 14) of certain subsidiaries and corporate guarantees provided by the Company (Note 33). The first mortgages were discharged during the financial year.

The secured loans were denominated in Australian Dollar.

- (b) During the financial year, the Group drew bank loans of \$40,000,000 (2025: \$10,000,000), which were repaid within the same financial year. The bank loans were denominated in Singapore Dollar.
- (c) In 2016, the Company established a \$500,000,000 Multicurrency Medium Term Note Programme (the "Programme"). The net proceeds arising from the issuance of the Multicurrency Medium Term Note (the "Note") under the Programme (after deducting issue expenses) can be used for general corporate purposes, including financing investments, acquisitions and strategic expansions, general working capital and capital expenditure requirements of the Company and its subsidiaries as well as to refinance existing borrowings of the Company and its subsidiaries or such other purpose as may be specified in the relevant pricing supplement. No Note has been issued by the Company at the end of the reporting period (2025: \$Nil).

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

	2025 \$'000	Cash flows \$'000	Foreign exchange movement (non-cash) \$'000	2026 \$'000
Loans and borrowings	54,811	(56,666)	1,855	–

	2024 \$'000	Cash flows \$'000	Foreign exchange movement (non-cash) \$'000	2025 \$'000
Loans and borrowings	83,868	(26,677)	(2,380)	54,811

**26. Trade and other payables**

	Note	Group		Company	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
<b>Trade and other payables (current)</b>					
Trade payables		37,362	21,149	6,073	5,103
Deposits from customers		16,944	9,948	2,611	3,154
Accruals		27,306	22,906	16,164	14,522
Provisions		1,822	1,243	570	570
Other payables		4,796	3,670	1,696	1,519
		<u>88,230</u>	<u>58,916</u>	<u>27,114</u>	<u>24,868</u>
<b>Other payables (non-current)</b>					
Other payables		<u>778</u>	<u>814</u>	<u>82</u>	<u>154</u>
<b>Total trade and other payables (current and non-current)</b>					
		<u>89,008</u>	<u>59,730</u>	<u>27,196</u>	<u>25,022</u>
Representing:					
- Financial liabilities		83,306	55,147	24,992	21,998
- Non-financial liabilities (comprising of GST payable and others)		<u>5,702</u>	<u>4,583</u>	<u>2,204</u>	<u>3,024</u>
Financial liabilities		83,306	55,147	24,992	21,998
Add:					
- Loans and borrowings	25	-	54,811	-	-
- Amounts due to subsidiaries	22	-	-	3,191	3,396
Total financial liabilities carried at amortised cost		<u>83,306</u>	<u>109,958</u>	<u>28,183</u>	<u>25,394</u>

Trade payables are non-interest bearing and are normally settled within the normal trade terms.

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in trade and other payables:

	Group		Company	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Singapore Dollar	683	188	-	-
Swiss Franc	6,594	3,542	1,106	468
Others	<u>218</u>	<u>237</u>	<u>204</u>	<u>207</u>

## 27. Lease liabilities

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

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
At 1 April	97,004	91,972	53,979	46,522
Additions	131,752	20,836	14,269	13,187
Acquisition of a subsidiary (Note 31)	7,439	–	–	–
Lease modifications	648	14,347	(3,828)	13,653
Payments	(36,609)	(33,854)	(19,036)	(21,192)
Accretion of interest	6,695	3,554	1,738	1,809
Foreign currency translation adjustment	2,419	149	–	–
At 31 March	<u>209,348</u>	<u>97,004</u>	<u>47,122</u>	<u>53,979</u>
Current	30,987	27,787	15,803	16,881
Non-current	<u>178,361</u>	<u>69,217</u>	<u>31,319</u>	<u>37,098</u>
	<u>209,348</u>	<u>97,004</u>	<u>47,122</u>	<u>53,979</u>

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	
	2026	2025
	\$'000	\$'000
Depreciation of right-of-use assets	35,267	32,327
Interest expense on lease liabilities	6,695	3,554
Variable lease payments which do not depend on an index or rate (included in rental expenses)	9,183	4,648
Expense relating to short-term and/or low-value leases (included in rental expenses)	62	65
Expense relating to short-term and/or low-value leases (included in other expenses)	135	159
Total amount recognised in profit or loss	<u>51,342</u>	<u>40,753</u>

The Group had total cash outflow for leases of \$45,989,000 in 2026 (2025: \$38,726,000).

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

	Group and Company			
	2026		2025	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
Balance at beginning of the year	705,012	67,638	705,012	67,638
Cancellation of treasury shares	(59,416)	–	–	–
Balance at the end of the year	<u>645,596</u>	<u>67,638</u>	<u>705,012</u>	<u>67,638</u>

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

**(b) Treasury shares**

	Group and Company			
	2026		2025	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 April	(57,330)	(108,216)	(55,083)	(104,701)
Acquired during the year	(6,116)	(13,189)	(2,247)	(3,515)
Cancelled during the year	59,416	112,319	–	–
At 31 March	<u>(4,030)</u>	<u>(9,086)</u>	<u>(57,330)</u>	<u>(108,216)</u>

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

The Company acquired 6,116,000 (2025: 2,247,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$13,189,000 (2025: \$3,515,000) and this was presented as a component within shareholders' equity.

During the financial year, 59,416,400 treasury shares were permanently cancelled against revenue reserve. The cancellation has no impact on the amount (in dollar terms) of issued and paid-up capital of the Company as the treasury shares were purchased out of profits of the Company.

**29. Reserves**

	Group		Company	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Revenue reserve	1,057,147	1,028,819	500,172	563,011
Foreign currency translation reserve	(49,287)	(64,871)	–	–
Asset revaluation reserve	3,448	3,448	–	–
Capital reserve	(142)	(142)	–	–
Total reserves	<u>1,011,166</u>	<u>967,254</u>	<u>500,172</u>	<u>563,011</u>

## 29. 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.

## 30. Related party transactions

### (a) *Sale and purchase of goods and services*

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

	Sale of goods \$'000	Purchase of goods \$'000	Service fee expense \$'000	Rental expense \$'000	Rental income \$'000	Royalty income \$'000
<b>2026</b>						
Associates	87	(71)	–	–	–	8
Directors and their close family members	995	–	(600)	–	–	–
Director-related companies	–	–	(29)	(471)	30	–
Key management personnel and their close family members	39	(31)	–	(10)	–	–
<b>2025</b>						
Associates	730	(94)	–	–	–	12
Directors and their close family members	2,599	–	(600)	–	–	–
Director-related companies	–	–	(8)	(478)	28	–
Key management personnel and their close family members	71	–	–	(120)	–	–

**30. Related party transactions (cont'd)****(b) Compensation of key management personnel**

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Short-term employee benefits	9,592	8,607
Contributions to defined contribution plans	63	65
Total compensation paid to key management personnel	<u>9,655</u>	<u>8,672</u>
Comprise amounts paid to:		
- Directors of the Company	6,969	6,367
- Other key management personnel	2,686	2,305
	<u>9,655</u>	<u>8,672</u>

**31. Acquisition of a subsidiary**

On 26 May 2025, the Group's wholly owned subsidiary, The Hour Glass Australia Pty Ltd ("THGA") completed the acquisition of 100% of the issued and paid-up share capital of THGRAU Pty Ltd ("THGRAU" and previously known as A.C.N. 685 541 851 Pty Ltd).

The acquisition is in line with the Group's strategy to continue expanding its presence in Australia and strengthen the Group's retail footprint. The acquisition is expected to provide both an enlarged client base and operating synergies to THGA's business.

The following table summarises the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date and the effects of the acquisition on the Group's cash flows.

	<b>2026</b>
<b>Identifiable assets acquired and liabilities assumed</b>	<b>\$'000</b>
Distribution rights	66,545
Property, plant and equipment	4,211
Right-of-use assets	7,439
Inventories	2,455
Trade and other receivables	962
Total assets	<u>81,612</u>
Lease liabilities	7,439
Trade and other payables	1,155
Deferred tax liabilities	19,963
Total liabilities	<u>28,557</u>
Net identifiable assets	53,055
Goodwill on acquisition	22,276
Purchase consideration transferred and net cash outflow on acquisition	<u>75,331</u>

The goodwill of \$22,276,000 comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

## 32. Commitments

### (a) Capital commitments

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

	Group		Company	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Capital expenditure in respect of property, plant and equipment and intangible assets:				
Not later than one year	5,776	5,416	2,065	486
Later than one year but not later than five years	1,523	1,180	–	–
	<u>7,299</u>	<u>6,596</u>	<u>2,065</u>	<u>486</u>

### (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	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Not later than one year	6,692	8,444	1,049	1,013
Later than one year but not later than five years	31,987	14,383	204	606
Later than five years	29,960	1,144	–	–
	<u>68,639</u>	<u>23,971</u>	<u>1,253</u>	<u>1,619</u>

### (c) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases on certain properties for 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.

**32. Commitments (cont'd)****(c) Operating lease commitments – As lessee (cont'd)**

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	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Not later than one year	3,478	4,192	2,653	511
Later than one year but not later than five years	16,739	46,863	13,443	2,546
Later than five years	1,395	38,523	598	–
	<u>21,612</u>	<u>89,578</u>	<u>16,694</u>	<u>3,057</u>

**33. Contingent liabilities and other commitments****Guarantees**

During the last financial year ended 31 March 2025, the Company had provided corporate guarantees for bank loans of \$54,811,000 obtained by subsidiaries (Note 25). The bank loans were repaid during the financial year.

**34. Segment information**

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

**Reporting format**

The primary segment reporting format is determined to be geographical segments as the operating businesses are organised and managed separately according to the location of the Group'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.

**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.

### 34. Segment information (cont'd)

#### Geographical segments

The following table presents revenue, capital expenditure and certain assets and liabilities information regarding the Group's geographical segments for the years ended 31 March 2026 and 2025.

	South East Asia and Oceania \$'000	North East Asia \$'000	Total \$'000	Eliminations \$'000	Note	Group \$'000
<b>2026</b>						
<b>Segment revenue:</b>						
Sales to external customers	1,164,680	173,543	1,338,223	–		1,338,223
Inter-segment sales	4,266	11	4,277	(4,277)	A	–
Interest income	2,789	446	3,235	(1,569)	B	1,666
Other income	59,380	154	59,534	(46,273)	B	13,261
Revenue and other income	<u>1,231,115</u>	<u>174,154</u>	<u>1,405,269</u>	<u>(52,119)</u>		<u>1,353,150</u>
<b>Segment results:</b>						
Segment results	214,120	30,715	244,835	(36,882)	C	207,953
Finance costs <sup>(1)</sup>						(9,358)
Fair value gain on investment properties						20,255
Share of results of associates						15,644
Profit before taxation						<u>234,494</u>
Income tax expense						(55,032)
Profit for the year						<u>179,462</u>
<b>Other segment information:</b>						
Segment assets	1,168,228	166,667	1,334,895	–		1,334,895
Investment in associates	107,139	–	107,139	–		<u>107,139</u>
						<u>1,442,034</u>
Segment liabilities	278,798	80,104	358,902	–		358,902
Capital expenditure for the year	27,443	4,344	31,787	–		31,787
Depreciation and amortisation <sup>(2)</sup>	44,415	9,906	54,321	–		<u>54,321</u>

<sup>(1)</sup> Includes interest on lease liabilities

<sup>(2)</sup> Includes depreciation of right-of-use assets

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

	South East Asia and Oceania	North East Asia	Total	Eliminations	Note	Group
	\$'000	\$'000	\$'000	\$'000		\$'000
<b>2025</b>						
<b>Segment revenue:</b>						
Sales to external customers	998,442	164,432	1,162,874	–		1,162,874
Inter-segment sales	4,798	–	4,798	(4,798)	A	–
Interest income	4,558	614	5,172	(1,541)	B	3,631
Other income	69,601	107	69,708	(57,516)	B	12,192
Revenue and other income	<u>1,077,399</u>	<u>165,153</u>	<u>1,242,552</u>	<u>(63,855)</u>		<u>1,178,697</u>
<b>Segment results:</b>						
Segment results	196,149	29,931	226,080	(48,855)	C	177,225
Finance costs <sup>(1)</sup>						(7,464)
Fair value loss on investment properties						(6,454)
Share of results of associates						12,125
Profit before taxation						<u>175,432</u>
Income tax expense						(39,349)
Profit for the year						<u>136,083</u>
<b>Other segment information:</b>						
Segment assets	963,675	117,781	1,081,456	–		1,081,456
Investment in associates	97,737	–	97,737	–		97,737
						<u>1,179,193</u>
Segment liabilities	208,107	30,261	238,368	–		238,368
Capital expenditure for the year	21,064	6,826	27,890	–		27,890
Depreciation and amortisation <sup>(2)</sup>	41,739	7,671	49,410	–		<u>49,410</u>

<sup>(1)</sup> Includes interest on lease liabilities

<sup>(2)</sup> Includes depreciation of right-of-use assets

### 34. Segment information (cont'd)

#### Geographical segments (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Inter-company 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	
	2026	2025
	\$'000	\$'000
Inter-company expenses	37	168
Inter-company dividend income	<u>(36,919)</u>	<u>(49,023)</u>
Total	<u>(36,882)</u>	<u>(48,855)</u>

### 35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from operations and the use of financial instruments. The key risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group reviews and agrees policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

#### Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. 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 (2025: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been \$Nil (2025: \$384,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

**35. 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 \$23,721,000 and \$2,098,000 (2025: \$16,336,000 and \$2,071,000) 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), 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	
	2026	2025
	Increase/(decrease)	
	Profit net of tax	Profit net of tax
	\$'000	\$'000
USD		
- Strengthened 5% (2025: 5%)	526	368
- Weakened 5% (2025: 5%)	(526)	(368)
CHF		
- Strengthened 5% (2025: 5%)	11	237
- Weakened 5% (2025: 5%)	(11)	(237)

**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 2026, the Group has available cash and bank balances totalling approximately \$157,526,000 (2025: \$178,689,000) to finance its operations. The Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the operations of the Group. Short-term funding may be obtained from banking facilities where necessary.

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

#### Liquidity risk (cont'd)

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

Group	2026			Total \$'000
	One year or less \$'000	One to five years \$'000	More than five years \$'000	
<b>Financial assets</b>				
Trade and other receivables	28,077	5,261	4,451	37,789
Amounts due from associates	503	–	–	503
Cash and bank balances	157,526	–	–	157,526
Total undiscounted financial assets	186,106	5,261	4,451	195,818
<b>Financial liabilities</b>				
Trade and other payables	82,541	765	–	83,306
Lease liabilities	40,306	112,240	126,894	279,440
Total undiscounted financial liabilities	122,847	113,005	126,894	362,746
Total net undiscounted financial assets/(liabilities)	63,259	(107,744)	(122,443)	(166,928)
<b>2025</b>				
Group	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>Financial assets</b>				
Trade and other receivables	30,660	8,579	2,009	41,248
Amounts due from associates	484	–	–	484
Cash and bank balances	178,689	–	–	178,689
Total undiscounted financial assets	209,833	8,579	2,009	220,421
<b>Financial liabilities</b>				
Trade and other payables	54,524	623	–	55,147
Loans and borrowings	54,920	–	–	54,920
Lease liabilities	31,242	62,986	13,481	107,709
Total undiscounted financial liabilities	140,686	63,609	13,481	217,776
Total net undiscounted financial assets/(liabilities)	69,147	(55,030)	(11,472)	2,645

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

<b>Company</b>	<b>2026</b>			<b>Total</b>
	<b>One year or less</b>	<b>One to five years</b>	<b>More than five years</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Trade and other receivables	14,938	3,995	289	19,222
Amount due from associates	395	–	–	395
Amounts due from subsidiaries	10,245	–	–	10,245
Cash and bank balances	28,326	–	–	28,326
<b>Total undiscounted financial assets</b>	<b>53,904</b>	<b>3,995</b>	<b>289</b>	<b>58,188</b>
<b>Financial liabilities</b>				
Trade and other payables	24,910	82	–	24,992
Amounts due to subsidiaries	3,191	–	–	3,191
Lease liabilities	16,970	28,504	4,412	49,886
<b>Total undiscounted financial liabilities</b>	<b>45,071</b>	<b>28,586</b>	<b>4,412</b>	<b>78,069</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>8,833</b>	<b>(24,591)</b>	<b>(4,123)</b>	<b>(19,881)</b>
<b>2025</b>				
<b>Company</b>	<b>One year or less</b>	<b>One to five years</b>	<b>More than five years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Trade and other receivables	15,962	4,545	305	20,812
Amount due from associates	349	–	–	349
Amounts due from subsidiaries	9,238	–	–	9,238
Cash and bank balances	50,018	–	–	50,018
<b>Total undiscounted financial assets</b>	<b>75,567</b>	<b>4,545</b>	<b>305</b>	<b>80,417</b>
<b>Financial liabilities</b>				
Trade and other payables	21,844	154	–	21,998
Amounts due to subsidiaries	3,396	–	–	3,396
Lease liabilities	18,539	35,657	2,586	56,782
<b>Total undiscounted financial liabilities</b>	<b>43,779</b>	<b>35,811</b>	<b>2,586</b>	<b>82,176</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>31,788</b>	<b>(31,266)</b>	<b>(2,281)</b>	<b>(1,759)</b>

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

#### **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. It is the Group's policy to transact with creditworthy counterparties. In addition, receivable balances are monitored on an on-going basis with the granting of material credit limits to counterparties being reviewed and approved by senior management.

With respect to credit risk arising from other financial instruments (including cash and bank balances), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period.

#### *Simplified approach*

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

Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix:

#### **Group**

	<b>Current</b>	<b>Less than 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2026</b>						
Gross carrying amount	8,388	276	249	181	202	9,296
Loss allowance provision	–	–	–	–	–	–
	<b>Current</b>	<b>Less than 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2025</b>						
Gross carrying amount	14,643	99	5	84	759	15,590
Loss allowance provision	–	–	–	–	–	–

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

<b>2026</b>	<b>Current</b>	<b>Less than 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	2,658	–	–	–	–	2,658
Loss allowance provision	–	–	–	–	–	–
<b>2025</b>	<b>Current</b>	<b>Less than 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	7,377	37	4	–	–	7,418
Loss allowance provision	–	–	–	–	–	–

Information on loss allowance movement of trade receivables are disclosed in Note 18.

*General approach*

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

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

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

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

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

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

#### **Credit risk (cont'd)**

##### *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.

##### *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.

### 36. Fair value of assets and liabilities

#### **(a) Fair value hierarchy**

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

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

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

There was no transfer between the different levels of fair value hierarchy during the financial years ended 31 March 2026 and 2025.

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

	<b>Group</b>			
	<b>31 March 2026</b>			
	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
<b>Assets measured at fair value:</b>				
Investment properties (Note 14)	–	–	225,230	225,230
	–	–	225,230	225,230

	<b>Group</b>			
	<b>31 March 2025</b>			
	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
<b>Assets measured at fair value:</b>				
Investment properties (Note 14)	–	–	217,029	217,029
Asset held for sale (Note 24)	–	–	6,998	6,998
	–	–	224,027	224,027

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

#### (c) Level 3 fair value measurements

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

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

Description	Fair Value \$'000	Valuation Techniques	Unobservable Inputs	Range
<b>At 31 March 2026</b>				
Investment properties	225,230	Capitalisation approach	Capitalisation rate <sup>(1)</sup>	Shops: 4.50% - 6.50%
			Direct comparison method	Price per square metre <sup>(2)</sup>
		Discounted cash flow	Discount rate <sup>(3)</sup>	Shops: 5.75% - 6.75%
			Terminal yield <sup>(4)</sup>	Shops: 4.75% - 6.75%
<b>At 31 March 2025</b>				
Investment properties	217,029	Capitalisation approach	Capitalisation rate <sup>(1)</sup>	Shops: 4.25% - 6.28%
			Direct comparison method	Price per square metre <sup>(2)</sup>
		Discounted cash flow	Discount rate <sup>(3)</sup>	Shops: 5.25% - 7.25%
			Terminal yield <sup>(4)</sup>	Shops: 4.50% - 6.53%
Asset held for sale	6,998	Capitalisation approach	Capitalisation rate <sup>(1)</sup>	Shop: 5.25%
		Discounted cash flow	Discount rate <sup>(3)</sup>	Shop: 6.25%
			Terminal yield <sup>(4)</sup>	Shop: 5.50%

<sup>(1)</sup> The fair value measurement varies inversely against the capitalisation rate.

<sup>(2)</sup> Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

<sup>(3)</sup> The fair value measurement varies inversely against the discount rate.

<sup>(4)</sup> The fair value measurement varies inversely against the terminal yield.

**36. Fair value of assets and liabilities (cont'd)****(c) Level 3 fair value measurements (cont'd)****(ii) Movements in Level 3 assets and liabilities measured at fair value**

During the year, the Group recognised a fair value gain of \$20,255,000 (2025: loss of \$6,454,000) 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*.

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 associates, trade and other payables and loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

### 37. Capital management

Capital includes debt and equity items.

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

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

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.

	<b>Group</b>	
	<b>2026</b>	<b>2025</b>
	\$'000	\$'000
Loans and borrowings	–	(54,811)
Equity attributable to owners of the Company	1,069,718	926,676
	<hr/>	<hr/>
Debt-to-equity ratio	0.0%	5.9%
	<hr/>	<hr/>

### 38. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Directors on 2 June 2026.

## STATISTICS OF SHAREHOLDINGS AS AT 5 JUNE 2026

Number of Issued Shares (including Treasury Shares)	:	645,595,480
Number of Treasury Shares	:	5,498,800
Number of Issued Shares (excluding Treasury Shares)	:	640,096,680
Number of Subsidiary Holdings <sup>(1)</sup>	:	Nil
Percentage of Aggregate Number of Treasury Shares and Subsidiary Holdings against Number of Issued Shares	:	0.85%
Class of Shares	:	Ordinary
Voting Rights (excluding Treasury Shares)	:	One vote per ordinary share

<sup>(1)</sup> "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.

Note: The information does not take into account share buy-backs by the Company carried out between 4 and 5 June 2026.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	50	2.39	2,048	0.00
100 - 1,000	279	13.36	160,182	0.02
1,001 - 10,000	858	41.07	4,411,407	0.69
10,001 - 1,000,000	879	42.08	45,610,919	7.13
1,000,001 and above	23	1.10	589,912,124	92.16
<b>Total :</b>	<b>2,089</b>	<b>100.00</b>	<b>640,096,680</b>	<b>100.00</b>

## 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 5 June 2026, approximately 25.52% of its ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public.

## SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares		No. of Shares	
	Direct	% <sup>①</sup>	Deemed	% <sup>①</sup>
TYC Investment Pte Ltd	340,291,669	53.02	–	–
Dr Henry Tay Yun Chwan	37,003,368	5.78	377,442,569 <sup>②</sup>	58.94 <sup>②</sup>
Mr Michael Tay Wee Jin	55,004,098	8.52	36,881,200 <sup>③</sup>	5.72 <sup>③</sup>
AMSTAY Pte Ltd	36,881,200	5.71	–	–
Dato' Dr Jannie Chan Siew Lee	99,300	0.02	340,561,369 <sup>④</sup>	52.75 <sup>④</sup>

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

- for TYC Investment Pte Ltd, was based on 641,880,180 issued ordinary shares (excluding treasury shares);
- for Dr Henry Tay Yun Chwan, was based on 640,381,180 issued ordinary shares (excluding treasury shares);
- for Mr Michael Tay Wee Jin, was based on 645,356,480 issued ordinary shares (excluding treasury shares); and
- for AMSTAY Pte Ltd and Dato' Dr Jannie Chan Siew Lee, were based on 645,595,480 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 5 JUNE 2026

No.	Name	No. of Shares	%
1	TYC INVESTMENT PTE LTD	340,561,369	53.20
2	HSBC (SINGAPORE) NOMINEES PTE LTD	56,982,491	8.90
3	TAY WEE JIN MICHAEL (ZHENG WEIJUN MICHAEL)	55,004,098	8.59
4	HENRY TAY YUN CHWAN	37,003,368	5.78
5	PHILLIP SECURITIES PTE LTD	20,833,422	3.25
6	DBS NOMINEES (PRIVATE) LIMITED	18,121,376	2.83
7	CITIBANK NOMINEES SINGAPORE PTE LTD	17,284,393	2.70
8	ONG YEK SIANG	5,873,923	0.92
9	RAFFLES NOMINEES (PTE.) LIMITED	5,246,916	0.82
10	DB NOMINEES (SINGAPORE) PTE LTD	5,088,000	0.79
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,063,111	0.79
12	CHIA KUM HO	3,050,000	0.48
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,671,557	0.42
14	UOB KAY HIAN PRIVATE LIMITED	2,545,865	0.40
15	OCBC SECURITIES PRIVATE LIMITED	2,216,045	0.35
16	DBSN SERVICES PTE. LTD.	2,112,553	0.33
17	ABN AMRO CLEARING BANK N.V.	1,819,842	0.28
18	TAY MAY YI SABRINA	1,763,486	0.28
19	NG KWONG CHONG OR LIU OI FUI IVY	1,721,328	0.27
20	AUDREY TAY MAY LI (ZHENG MEILI)	1,618,486	0.25
	<b>Total :</b>	<b>586,581,629</b>	<b>91.63</b>

Note: Percentages have been arithmetically rounded to two decimals and do not take into account share buy-backs by the Company carried out between 4 and 5 June 2026.

# OPERATIONS DIRECTORY

## SINGAPORE

### CORPORATE OFFICES

#### THE HOUR GLASS LIMITED

302 Orchard Road #11-01  
Tong Building  
Singapore 238862  
Tel (65) 6787 2288  
www.thehourglass.com/contact-us/

#### GLAJZ-THG PTE LTD

391 Orchard Road #21-04  
Ngee Ann City Tower B  
Singapore 238874  
Tel (65) 6734 2033  
Email info@glajz.com

### BOUTIQUES

#### TAKASHIMAYA S.C.

391 Orchard Road #01-02 to 03  
Ngee Ann City  
Singapore 238872  
Tel (65) 6734 2420  
Email thg.ngeeanncity.sg@thehourglass.com

#### TANG PLAZA

320 Orchard Road, Ground Floor  
Singapore 238865  
Tel (65) 6235 7198  
Email thg.tangplaza.sg@thehourglass.com

#### TANGS

320 Orchard Road, #01-04  
Singapore 238865  
Tel (65) 6916 0240  
Email thg.tangs.sg@thehourglass.com

#### RAFFLES HOTEL ARCADE

328 North Bridge Road  
#01-14 to 18, 20 to 21  
Singapore 188719  
Tel (65) 6334 3241  
Email thg.raffleshotel.sg@thehourglass.com

#### PARAGON

290 Orchard Road #01-28A to 29  
Singapore 238859  
Tel (65) 6235 0200  
Email thg.paragongrey.sg@thehourglass.com

#### VIVOCITY

1 HarbourFront Walk #01-24 to 27  
Singapore 098585  
Tel (65) 6250 9830  
Email thg.vivocity.sg@thehourglass.com

### ROLEX BOUTIQUES

#### ION ORCHARD

2 Orchard Turn #01-02  
Singapore 238801  
Tel (65) 6509 9282  
Email rlx.ion.sg@thehourglass.com

#### RAFFLES HOTEL ARCADE

328 North Bridge Road  
#01-12 to 13  
Singapore 188719  
Tel (65) 6334 3241  
Email thg.raffleshotel.sg@thehourglass.com

### TUDOR BOUTIQUES

#### ION ORCHARD

2 Orchard Turn #03-06A  
Singapore 238801  
Tel (65) 6262 0042  
Email tdr.ion.sg@thehourglass.com

## SINGAPORE

### TUDOR BOUTIQUES

#### JEWEL CHANGI AIRPORT

78 Airport Boulevard  
#01-202  
Singapore 819666  
Tel (65) 6320 0726  
Email tdr.jewel.sg@thehourglass.com

### HUBLOT BOUTIQUES

#### THE SHOPPES AT MARINA BAY SANDS

2 Bayfront Avenue #01-58  
Singapore 018972  
Tel (65) 6688 7890  
Email hbt.mbs.sg@thehourglass.com

#### ION ORCHARD

2 Orchard Turn #02-08  
Singapore 238801  
Tel (65) 6514 7200  
Email hbt.ion.sg@thehourglass.com

### MB&F BOUTIQUE

#### RAFFLES HOTEL ARCADE

328 North Bridge Road  
#01-19  
Singapore 188719  
Tel (65) 6550 2688  
Email mbf.raffleshotel.sg@thehourglass.com

### GRAND SEIKO BOUTIQUE

#### JEWEL CHANGI AIRPORT

78 Airport Boulevard  
#01-203  
Singapore 819666  
Tel (65) 6320 0727  
Email gso.jewel.sg@thehourglass.com

### LONGINES BOUTIQUE

#### JEWEL CHANGI AIRPORT

78 Airport Boulevard  
#01-263  
Singapore 819666  
Tel (65) 6908 0173  
Email lgs.jewel.sg@thehourglass.com

### TAG HEUER BOUTIQUE

#### JEWEL CHANGI AIRPORT

78 Airport Boulevard  
#01-204  
Singapore 819666  
Tel (65) 6320 0728  
Email thr.jewel.sg@thehourglass.com

### WATCHES OF SWITZERLAND BOUTIQUES

#### PARAGON

290 Orchard Road #01-19 to 20  
Singapore 238859  
Tel (65) 6732 9793  
Email wos.paragon.sg@thehourglass.com

#### VIVOCITY

1 HarbourFront Walk #01-66  
Singapore 098585  
Tel (65) 6376 9727  
Email wos.vivocity.sg@thehourglass.com

#### JEWEL CHANGI AIRPORT

Capsule by Watches of Switzerland  
78 Airport Boulevard  
#01-264  
Singapore 819666  
Tel (65) 6531 0898  
Email capsule.jewel.sg@thehourglass.com

## MALAYSIA

### CORPORATE OFFICE

#### THE HOUR GLASS SDN BHD

Suite 10-2, 10th Floor, Wisma UOA II  
21 Jalan Pinang  
50450 Kuala Lumpur  
Tel (60) 3 2161 3228  
www.thehourglass.com/contact-us/

### BOUTIQUES

#### PAVILION KL

Lot 2.40-2.41, Level 2  
168 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel (60) 3 2148 8930  
Email thg.pavilion.my@thehourglass.com

#### THE GARDENS MALL

Arcade by The Hour Glass  
Lot G-212, Ground Floor  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 7830  
Email thg.midvalleyarcade.my@thehourglass.com

#### MID VALLEY MEGAMALL

Lot G-053, Ground Floor  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2202 2882  
Email thg.midvalleymegamallmvg.my@thehourglass.com

#### PAVILION DAMANSARA HEIGHTS

Lot 2.45-2.46, Level 2  
No. 3, Jalan Damanlela  
50490 Kuala Lumpur  
Tel (60) 3 2011 1628  
Email thg.paviliondamansara.my@thehourglass.com

#### THE EXCHANGE TRX

Lot G.09.0-10.0, Ground Floor  
Persiaran TRX, Tun Razak Exchange  
55188 Kuala Lumpur  
Tel (60) 3 2110 3250  
Email thg.tunrazakexchange.my@thehourglass.com

#### GURNEY PLAZA

Lot G-03, Ground Floor  
170 Persiaran Gurney  
Georgetown  
10250 Penang  
Tel (60) 4 226 2350  
Email thg.gurneyplaza.my@thehourglass.com

### ROLEX BOUTIQUE

#### THE GARDENS MALL

Lot G-225-226, Ground Floor  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2287 7830  
Email rlx.midvalleygardens.my@thehourglass.com

### PATEK PHILIPPE BOUTIQUE

#### THE GARDENS MALL

Lot G-223, Ground Floor  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 8153  
Email ppe.midvalleygardens.my@thehourglass.com

# OPERATIONS DIRECTORY

## MALAYSIA

### TUDOR BOUTIQUE

#### MID VALLEY MEGAMALL

Lot G-001A, Ground Floor  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 0822  
Email tdr.midvalleymegamall.my@thehourglass.com

### HUBLLOT BOUTIQUES

#### PAVILION KL

Lot 3.47.00, Level 3  
168 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel (60) 3 2110 1051  
Email hbt.pavkl.my@thehourglass.com

### THE EXCHANGE TRX

Lot G.04.0, Ground Floor  
Persiaran TRX, Tun Razak Exchange  
55188 Kuala Lumpur  
Tel (60) 3 3051 3188  
Email hbt.trx.my@thehourglass.com

### BREITLING BOUTIQUE

#### THE GARDENS MALL

Lot F-230A, First Floor  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 2148  
Email blg.midvalleymegamall.my@thehourglass.com

### FREDERIQUE CONSTANT BOUTIQUE

#### MID VALLEY MEGAMALL

Lot G-002, Ground Floor  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 1683  
Email fct.midvalleymegamall.my@thehourglass.com

### WATCHES OF SWITZERLAND BOUTIQUES

#### THE GARDENS MALL

Lot G-208A&B, Ground Floor  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel (60) 3 2201 6811  
Email wos.midvalleymegamall.my@thehourglass.com

### THE EXCHANGE TRX

Lot G.OS.02, Ground Floor  
Persiaran TRX, Tun Razak Exchange  
55188 Kuala Lumpur  
Tel (60) 3 2110 6445  
Email wos.tunrazakexchange.my@thehourglass.com

### QUEENSBAY MALL

GF-33A/35-37  
100 Persiaran Bayan Indah  
Bayan Lepas  
11900 Penang  
Tel (60) 4 638 0866  
Email wos.queensbaymall.my@thehourglass.com

## AUSTRALIA

### CORPORATE OFFICES

#### THE HOUR GLASS (AUSTRALIA) PTY LTD

#### MELBOURNE

Level 3, 252 Collins Street  
Melbourne, Victoria 3000  
Tel (61) 3 9989 0888  
www.thehourglass.com/contact-us/

## AUSTRALIA

### CORPORATE OFFICES

#### SYDNEY

Level 6, 70 Castlereagh Street  
Sydney, New South Wales 2000  
Tel (61) 2 9232 7775  
www.thehourglass.com/contact-us/

### BOUTIQUES

#### SYDNEY

142 King Street  
Sydney, New South Wales 2000  
Tel (61) 2 9221 2288  
Email thg.sydney.au@thehourglass.com

#### MELBOURNE

252 Collins Street  
Melbourne, Victoria 3000  
Tel (61) 3 9650 6988  
Email thg.melbourne.au@thehourglass.com

#### BRISBANE

Shop 3, 171 Edward Street  
Brisbane, Queensland 4000  
Tel (61) 7 3221 9133  
Email thg.brisbane.au@thehourglass.com

#### ADELAIDE

Shop G02B, 100 Rundle Mall  
Adelaide Central Plaza  
Adelaide, South Australia 5000  
Tel (61) 8 7286 2288  
Email thg.adelaide.au@thehourglass.com

#### PERTH

Shop 3, Podium Level  
Crown Towers, Great Eastern Highway  
Burswood, Western Australia 6100  
Tel (61) 8 6169 3690  
Email thg.perth.au@thehourglass.com

### ROLEX BOUTIQUES

#### SYDNEY

192 Pitt Street  
Sydney, New South Wales 2000  
Tel (61) 2 9160 3888  
Email rx.sydney.au@thehourglass.com

#### SYDNEY

Shop 3, 44 Martin Place  
Sydney, New South Wales 2000  
Tel (61) 2 9236 0411  
Email rx.sydney.martinplace.au@thehourglass.com

#### SYDNEY

Retail C, Unit 3 The Star Grand Hotel and Residence  
80 Pyrmont Street  
Sydney, New South Wales 2009  
Tel (61) 2 9135 9588  
Email rx.sydney.star.au@thehourglass.com

#### MELBOURNE

Shop 415, Chadstone Shopping Centre  
1341 Dandenong Road  
Melbourne, Victoria 3148  
Tel (61) 3 9108 0633  
Email rx.melbourne.chadstone.au@thehourglass.com

#### PERTH

Shop 3A, Podium Level  
Crown Towers, Great Eastern Highway  
Burswood, Western Australia 6100  
Tel (61) 8 6169 3690  
Email rx.perth.crown.au@thehourglass.com

## AUSTRALIA

### ROLEX SERVICE CENTRE

#### SYDNEY

Level 6, 192 Pitt Street  
Sydney, New South Wales 2000  
Tel (61) 2 9160 3888  
Email thg.rsc.au@thehourglass.com

### TUDOR BOUTIQUES

#### SYDNEY

147 King Street  
Sydney, New South Wales 2000  
Tel (61) 2 8608 2288  
Email tdrsdney.au@thehourglass.com

#### MELBOURNE

257 Collins Street  
Melbourne, Victoria 3000  
Tel (61) 3 9989 0988  
Email tdr.melbourne.au@thehourglass.com

#### BRISBANE

162 Edward Street  
Brisbane, Queensland 4000  
Tel (61) 7 3180 6988  
Email tdr.brisbane.au@thehourglass.com

## NEW ZEALAND

### CORPORATE OFFICE

#### THE HOUR GLASS (NZ) LIMITED

#### WATCHES OF SWITZERLAND (NZ) LIMITED

154 Queen Street  
Auckland 1010  
Tel (64) 9 303 2839  
www.thehourglass.com/contact-us/

### BOUTIQUE

#### AUCKLAND

154 Queen Street  
Auckland 1010  
Tel (64) 9 303 2839  
Email thg.auckland.nz@thehourglass.com

### ROLEX SERVICE CENTRE

#### AUCKLAND

Level 1, 154 Queen Street  
Auckland 1010  
Tel (64) 9 303 2839  
Email thgnzsav@thehourglass.com

### WATCHES OF SWITZERLAND BOUTIQUE

#### AUCKLAND

18 High Street  
Auckland 1010  
Tel (64) 9 303 2202  
Email wos.auckland.nz@thehourglass.com

## HONG KONG

### CORPORATE OFFICE

#### THE HOUR GLASS (HK) LIMITED

1416 Star House, 3 Salisbury Road  
Tsim Sha Tsui, Kowloon  
Tel (852) 2369 1868  
Email www.thehourglass.com/contact-us/

### PATEK PHILIPPE BOUTIQUE

#### LANDMARK

Shop G19-G20 & Shop 111,  
Landmark Atrium  
15 Queen's Road Central  
Tel (852) 2522 0262  
Email thg.landmark.hk@thehourglass.com

# OPERATIONS DIRECTORY

## JAPAN

### CORPORATE OFFICE

#### THE HOUR GLASS JAPAN LTD

Hulic & New Ginza Namiki, 8th Floor  
6-6-5 Ginza Chuo-ku  
Tokyo 104-0061  
Tel (81) 3 5537 7888  
Email thg.ginza.jp@thehourglass.com

### BOUTIQUE

#### GINZA

Hulic & New Ginza Namiki, 8th Floor  
6-6-5 Ginza Chuo-ku  
Tokyo 104-0061  
Tel (81) 3 5537 7888  
Email thg.ginza.jp@thehourglass.com

### PATEK PHILIPPE BOUTIQUE

#### GINZA

Royal Crystal Ginza, 1st Floor  
5-4-6 Ginza Chuo-ku  
Tokyo 104-0061  
Tel (81) 3 6264 5307  
Email ppe.ginza.jp@thehourglass.com

## THAILAND

### CORPORATE OFFICES

#### THE HOUR GLASS (THAILAND) CO., LTD

989 Siam Piwat Tower, 19th Floor, Unit A  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2658 0599

#### THG PRIMA TIMES CO., LTD

989 Siam Piwat Tower, 19th Floor, Unit A  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2658 0599  
www.thehourglass.com/contact-us/

### BOUTIQUES

#### ICONSIAM

299 Iconsiam, LG Floor, Unit LG02-03  
Charoennakhon Road, Khlong Ton Sai  
Khlongsarn  
Bangkok 10600  
Tel (66) 2288 0125 / 2288 0126  
Email pmt.iconsiam.th@thehourglass.com

#### GAYSORN AMARIN

Ground Floor, Unit GF-S17-01  
Ploenchit Road, Lumpini, Pathumwan  
Bangkok 10330  
Tel (66) 2656 1211 / 2656 1212  
Email pmt.gaysorn.th@thehourglass.com

#### EMQUARTIER

Ground Floor, Room GA04-05  
693 Sukhumvit Road, Wattana  
Bangkok 10110  
Tel (66) 2003 6022  
Email pmt.emquartier.th@thehourglass.com

#### CENTRAL PHUKET FLORESTA

199 Central Phuket Floresta, 1st Floor  
Unit 107/1-107/2  
Moo 4, Tambol Vichit  
Muang, Phuket 83000  
Tel (66) 7663 3888  
Email pmt.centralfloresta.th@thehourglass.com

#### LATELIER

991 Siam Paragon, M Floor, Room LH12.1  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2078 1548  
Email latelier.siamparagon.th@thehourglass.com

## THAILAND

### ROLEX BOUTIQUES

#### CENTRAL EMBASSY

1031 Central Embassy, Ground Floor  
Room G01-11-12  
Ploenchit Road, Lumpini, Pathumwan  
Bangkok 10330  
Tel (66) 2160 5733  
Email pmt.centralembassy.th@thehourglass.com

#### SIAM PARAGON

991 Siam Paragon, M Floor, Unit M28  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2610 9828/ 2610 9829  
Email rx.siamparagon.th@thehourglass.com

### PATEK PHILIPPE BOUTIQUES

#### ICONSIAM

299 Iconsiam, LG Floor, Unit LG02  
Charoennakhon Road, Khlong Ton Sai Khlongsarn  
Bangkok 10600  
Tel (66) 2288 0060  
Email pmt.iconsiam.th@thehourglass.com

#### SIAM PARAGON

991 Siam Paragon, M Floor, Room 42-43  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2129 4777  
Email ppe.siamparagon.th@thehourglass.com

### TUDOR BOUTIQUE

#### SIAM PARAGON

991 Siam Paragon, M Floor, Room LH20  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2078 1547/ 2078 1548  
Email tdr.siamparagon.th@thehourglass.com

### HUBLLOT BOUTIQUES

#### CENTRAL EMBASSY

1031 Central Embassy, Ground Floor  
Room G01-10  
Ploenchit Road, Lumpini, Pathumwan  
Bangkok 10330  
Tel (66) 2160 5733  
Email hbt.centralembassy.th@thehourglass.com

#### SIAM PARAGON

991 Siam Paragon, M Floor, Room 41  
Rama 1 Road, Pathumwan  
Bangkok 10330  
Tel (66) 2129 4774  
Email hbt.siamparagon.th@thehourglass.com

#### GAYSORN AMARIN

496-502 Gaysorn Amarin,  
Second Floor, Unit 2F-S27  
Ploenchit Road, Lumpini, Pathumwan  
Bangkok 10330  
Tel (66) 2656 1213  
Email hbt.gaysornamarin.th@thehourglass.com

### FP.JOURNE BOUTIQUE

#### THE EMPORIUM

622 Sukhumvit Road  
Ground Floor, Room GF10  
Klong Ton, Klong Toey  
Bangkok 10110  
Tel (66) 2664 8288  
Email fpj.emporium.th@thehourglass.com

## VIETNAM

### CORPORATE OFFICE

#### THG PRIMA TIMES (VIETNAM)

#### COMPANY LIMITED

10th Floor, Times Square Building  
22-36 Nguyen Hue  
Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 7308 3088  
www.thehourglass.com/contact-us/

### BOUTIQUES

#### TIMES SQUARE

L1-01 & L2-03  
Times Square Building  
57-69F Dong Khoi Street  
Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 3535 1066  
Email thg.timessquare.vn@thehourglass.com

#### SAIGON CENTRE

L1-10, Saigon Centre 65 Le Loi,  
Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 3636 9860  
Email thg.saigoncentre.vn@thehourglass.com

#### 63 LY THAI TO

The Hour Glass Opera  
Shop A-C, Ground Floor  
63 Ly Thai To Building  
Hoan Kiem Ward  
Hanoi  
Tel (84) 24 3201 3618  
Email thg.opera.vn@thehourglass.com

### TUDOR BOUTIQUE

#### 129 DONG KHOI

Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 3535 5744  
Email thg.dongkhoi.vn@thehourglass.com

### HUBLLOT BOUTIQUES

#### UNION SQUARE

L1-06A, Union Square Building  
171 Dong Khoi Street  
Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 3535 3349  
Email hbt.unionsquare.vn@thehourglass.com

#### TRANG TIEN PLAZA

L1-10B, 24 Hai Ba Trung Street  
Cua Nam Ward  
Hanoi  
Tel (84) 24 7102 2488  
Email hbt.trangtienplaza.vn@thehourglass.com

### GIRARD-PERREGAUX BOUTIQUE

#### 127 DONG KHOI

Saigon Ward  
Ho Chi Minh City  
Tel (84) 28 3535 5745  
Email thg.dongkhoi.vn@thehourglass.com

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