

Issuer: Casa Holdings Limited
Security: Casa Holdings Limited

Meeting details:

Date: 20 January 2017

Time: 10:00H

Venue: 15 Kian Teck Crescent, Singapore 628884

Company Description

Casa Holdings Limited, an investment holding company, distributes electrical and electronic home appliances in Singapore, Malaysia, China, Morocco, and internationally. It operates through three segments: Trading, Property Development, and Other. The company offers home and cooking appliances, such as hobs, cooker hoods, ovens, microwave ovens, washers, dryers, dishwashers, washing machines, tumble dryers, fridges, coolers, and more; kitchen and bathroom fixtures, including kitchen sinks, faucets, mirror cabinets, showers, bathroom accessories, bath tubs, and shower trays; and water heaters. It also invests in, develops, and rents residential and commercial properties. The company was founded in 1976 and is based in Singapore. Casa Holdings Limited is a subsidiary of Azzuri Holdings Pte Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=C04)

Q1. Since FY2014, the group has held three pieces of land (being Teluk Jawa, Title GM339 Lot 5 and Title GM340 Lot 6, Mukim of Plentong, Johor, Malaysia) with the cost of land recognised at S\$58.0 million in the company's 2014 Annual Report.

As shown in note 14 (Development properties – page 48 of the 2016 Annual Report), all the three developments have not proceeded as the stage of completion shows 'nil' although it was disclosed that 13,000 sqm of the land area of Teluk Jawa has been allocated to the Seventh Cove residential project.

- a) **Please disclose the plans for Seventh Cove, including the scale (number of blocks, units, total net saleable area and targeted sale price) and the timeline to launch and market the project.**
- b) **When can the conversion of the lands under Titles GM 339 Lot 5 and GM 340 Lot 6, Mukim of Plentong, Johor, Malaysia into residential and commercial zoning be expected to be completed?**
- c) **Please disclose the plans and the timeline for the two pieces of land (GM 339 Lot 5 and GM 340 Lot 6).**

Q2. In Note 4 (Revenue and other income - page 41), the disclosure on other (losses)/gains for 2016 included (i) Fair value (loss)/gain on derivative financial instrument of (\$1.32) million and (ii) Net currency translation gain/(loss) of \$0.74 million. In 2015, the same figures were \$5.9 million and (\$6.5) million respectively.

Under the disclosure on Financial risk management (Note 32 - page 66), it was stated that the group "does not hedge its foreign currency exposure using any dedicated hedge instruments". The group has exposure to Cross currency interest rate swap that are recognised as non-hedging instrument under the specific rules of FRS 39 - Financial Instruments: Recognition and Measurement (page 63).

Currency exposure to the Malaysia Ringgit of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies have gradually increased from \$3.93 million in 2014, to \$4.11 million in 2015 and to \$7.69 million in 2016.

Can management provide shareholders with a more detailed and holistic overview of the group's currency risk policy? Foreign currency (especially the Malaysia Ringgit) has been volatile and with the bulk of the group's non-current assets in Malaysia, the movement in foreign currency will have a significant impact on the group's balance sheet.

Q3. Mr Lim Soo Kong @ Lim Soo Chong is the CEO and Executive Director of the company. As disclosed in the Principle 8: Level and Mix of Remuneration (Corporate Governance report – page 14), service contracts for executive directors include a profit share element which is Group performance related.

The remuneration for Mr Lim Soo Kong @ Lim Soo Chong is shown in the table below.

| | Remuneration Band | Salary | Profit sharing | Benefits | Total (loss)/profit \$'000 | Total profit/ (loss) attributable to Equity holders of the Company \$'000 |
|------|------------------------------|--------|----------------|----------|----------------------------|---|
| 2016 | \$500,000 to below \$750,000 | 60.7% | 36.7% | 2.6% | (1,792) | 65 |
| 2015 | \$250,000 to below \$500,000 | 74% | 23% | 3% | 6,013 | 7,783 |

Mr Lim Soo Kong @ Lim Soo Chong's remuneration and the profit sharing component both increased in 2016 when the group registered a loss of \$1.8 million for the year ended 30 September 2016 ("FY 2016"), as compared to a profit of \$6.0 million recorded in the prior year.

- a) **Could the remuneration committee help shareholders understand what would be the group-level performance metrics that are used in the calculation of the profit share for executive directors?**
- b) **Are one-off items such as the disposal of a subsidiary excluded from the calculation of the profit sharing component for all executive directors?**
- c) **Similarly, are items in the other comprehensive income/loss (such as currency translation gains/losses) included in the calculation of the profit sharing component for all executive directors?**