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Issuer: Cortina Holdings Limited

Security: Cortina Holdings Limited

Meeting details:

Date: 26 July 2018

Time: 9.00 a.m.

Venue: York Hotel, 21 Mount Elizabeth, Singapore 228516

Company Description

Cortina Holdings Limited, an investment holding company, engages in the retail and distribution of timepieces and accessories in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, Taiwan, and Russia. The company operates through Wholesale and Retail segments. The Wholesale segment engages in the wholesale of time pieces and luxury branded accessories. The Retail segment is involved in the retail of time pieces, branded pens, and accessories. The company was founded in 1972 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=C41)

1. As noted in the Chairman's Message, the group reported record revenue of \$466.3 million, representing a 19.3% increase compared to S\$390.8 million in the previous financial year. This was attributed to "new store openings and higher tourist arrivals from China" (page 2 of the annual report).

- (i) Can management quantify the impact of higher tourist arrivals from China?**
- (ii) What are the changes made to store display, service delivery (including service staff) and customer experience to meet the customers' changing expectations?**
- (iii) Can management help shareholders understand how sustainable is the revenue growth? How dependent is the group on sales to tourists, especially tourists from China?**

2. In Note 8 (page 88 – Employee benefits expense), it is shown that total employee benefits expense increased by nearly 25% from \$21.5 million to \$26.7 million. The increase in employee benefits is disproportionately larger than the 19.3% increase in revenue.

- (i) Can management elaborate further on the reason(s) for the disproportionately large increase in staff costs?**

In addition, in the Sustainability Report, it was disclosed that the employee turnover rate was 20% from FY2017 to FY2018.

- (ii) Would management help shareholders understand if the turnover rate of 20% was above or below the long term trend?**
- (iii) How does management ensure that its best sales/service personnel are retained in the group?**
- (iv) What are the efforts by the group to increase the productivity of its staff?**

3. At the company's Annual General Meeting scheduled to be held on 26 July 2018, the company is seeking shareholders' approval for the directors' Fee of S\$589,875 for the financial year ending 31 March 2019 (2018: S\$520,625).

- (i) Can the board confirm that executive directors are paid director's fees as well?**

In the company's disclosure under Guideline 8.3 of the 2012 Code of Corporate Governance (Code), it was stated that Independent Non-Executive Directors of the Company, the structure and level of directors' fees are tied to their respective roles and responsibilities on the Board and Committees.

- (ii) To improve the level of transparency on the remuneration of non-executive directors, would the board consider disclosing the fee structure?**

- (iii) Has the board/remuneration committee carried out any benchmarking of directors fees to comparable companies listed on the exchange?**
- (iv) Would the board consider disclosing the exact remuneration of its non-executive directors as recommended by Guideline 9.2 of the Code?**

[The following question is adapted from the list of questions sent to the company for the annual report for the financial year ended 31 March 2016.]

4. The company has disclosed the following in the Corporate Governance Report – Guideline 2.4: Review of independent director:

Independent Directors, Mr Lau Ping Sum, Pearce, Mr Foo See Jin, Mr Long Foo Pieng and Mr Chin Sek Peng, Michael have served the Board for more than nine years from the date of each of their first appointment.

In addition, it was also disclosed that Mr Foo See Jin, Michael, as independent director, is “one of the founders of our Group and was a Non-Executive Director of our Group from 1972. He was designated as Independent Director since November 2013” (page 18).

The other independent director on the board is Mr Lee Ah Fong, James who was appointed on 15 April 2010.

It is also noted that Mr Foo and Mr Long have shareholdings of 4.3% and 5.2% in the company (page 37) respectively.

Notwithstanding that the Nominating committee and the Board have the view that Mr Lau, Mr Foo, Mr Long and Mr Chin have maintained their objectivity and independence at all times in the discharge of each of their duties as Director of the Company, Guideline 2.4 of the Code of Corporate Governance 2012 calls for the board to “also take into account the need for progressive refreshing of the Board”.

- (i) What are the board’s near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2018 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=215

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