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**Issuer:** Lasseters International Holdings Limited

**Security:** Lasseters International Holdings Limited

**Meeting details:**

Date: 25 October 2018

Time: 10.00 a.m.

Venue: Maharajah Suite, Basement 1, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616

**Company Description**

Lasseters International Holdings Limited, an investment holding company, engages in the land-based gaming and hospitality businesses in Australia and Malaysia. The company operates through three segments: Casino, Spa and Wellness, and Property Development. The Casino segment operates gaming facilities, a convention centre, food and beverages outlets, bars, commercial gym, and spa, as well as provides accommodation services. The Spa and Wellness segment offers spa and wellness programs, gym, and retail outlets. The Property Development segment is involved in the property investment and management, and property and hospitality development activities. The company also provides golf course and club management services; and manages and operates a health club. Lasseters International Holdings Limited was founded in 2004 and is based in Petaling Jaya, Malaysia.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5EL](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5EL))

1. The group reported a loss attributable to owners of \$(2.75) million in FY2018, up from \$(1.6) million in FY2017. The group's consolidated (loss)/profit since FY2008 is as follows:

	(Loss)/profit after tax (AUD) ('000)
FY2008 (restated)	(36,769)
FY2009 (restated)	3,459
FY2010	(12,063)
FY2011	(4,018)
FY2012 (restated)	(7,070)
FY2013	(11,381)
FY2014	(2,648)
FY2015	(4,587)
FY2016	(357)
FY2017	(1,581)
FY2018	(2,781)

(Source: Company annual reports)

The group's total equity has decreased from A\$93.3 million as at 30 June 2007 to A\$47.3 million as at 30 June 2018, even though the company has raised equity of S\$13.7 million through a rights issue in FY2015. Following the sale of the pub hotels business, the company declared and paid out a total dividend which amounted to A\$10.5 million during FY2009. Since then, the company has not paid a dividend.

As noted in the Corporate Governance report, the primary function of the board of directors is *"to provide entrepreneurial leadership and direction to enhance the long-term value and returns for its shareholders"* (page 20). In particular, the board has stated that it oversees the business affairs of the group and has the overall responsibility for reviewing, inter alia, the strategic plans and performance objectives and financial performance review.

- (i) As all the directors have been on the board since 2004/2005, would the board like to help shareholders understand what the directors had contributed in terms of "entrepreneurial leadership" in the past ten years?**
- (ii) How has the board enhanced the long term value and returns for shareholders?**

As stated in the Corporate Governance report, the nominating committee (NC) decides how the board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the board (page 25).

- (iii) Can the NC tell shareholders what are the performance criteria used?**

- (iv) What are the NC's findings from the performance evaluation of the board based on long-term shareholders' value creation?**
- (v) Considering the performance of the group, does the board consider it timely to carry out a strategic review to assess the performance of the group, its core competencies, the management team, its financial strength and to fine-tune the group's strategy so as to create long-term sustainable value for all shareholders?**

2. The group is led by Dato' Jaya J B Tan, who is the executive chairman of the company. Dato' Jaya is also the chairman of Envictus International Holdings Limited, another company listed on the Singapore Stock Exchange.

In addition, the group has the following key management personnel:

- Mr Paul Wong Baan Chun, JP as CEO, Lasseters International Holdings Limited
- Mr Craig Jervis as COO, Lasseters Hotel Casino
- Ms Brigid Walsh, as GM, Golden Door Health Retreat & Spa, Elysia

On page 24, the company has disclosed the roles and responsibilities of the chairman, as follows:

*The Chairman is responsible for the effective workings of the Board and promoting high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other Directors and the key management. He ensures that the directors receive complete, adequately and timely information and reviews Board papers before they are presented to the Board. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive Directors. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings.*

- (i) Would the board, and the NC, help shareholders understand if there are other roles and responsibilities of the executive chairman? If not, would it be reasonable to assume that the above-mentioned roles and responsibilities of the chairman would fit that of a non-executive chairman?**
- (ii) Can the executive chairman and the company help shareholders understand how much of Dato' Jaya's time, focus and attention is spent on the group's matters?**

In addition, Mr Tan San Chuan was appointed as an executive director of the company since 2005.

- (iii) Would the NC elaborate further on the roles and responsibilities of Mr Tan San Chuan as an executive director of the company?**

**(iv) What were the key performance indicators used by the NC to assess the performance of Mr Tan San Chuan?**

3. The NC comprises one executive director, one non-executive non-independent director and two independent directors.

The NC composition does not meet the recommendations of the Code to have a majority of independent directors. Furthermore, the two non-executive directors in the NC are brothers, including the executive chairman who sits in the NC as a member.

Furthermore, the independent directors, namely Tan Sri Ir. Kuan Peng Ching @ Kuan Peng Soon and Teo Chee Seng, were first appointed to the board on 27 February 2004 and 26 February 2004 respectively. As such, the two independent directors have each served on the board for more than 14 years.

**(i) What assurance can the company give to shareholders that the board is “committed to maintain high standards of corporate governance in order to protect the interests of its shareholders as well as enhance corporate performance and business sustainability” (page 20)?**

Further, in August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 Code”). As a consequence of the revised 2018 Code, the Singapore Exchange will be making amendments to its Listing Rules. The Listing Rule changes will come into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

**(ii) Has the board evaluated how the 2018 Code and the amendments to the Listing Rules will impact the board?**

**(iii) Are there any near term plans for the board to explore how it could reconstitute the board and the board committees to fully comply of the 2012 Code and to ease the transition to the 2018 Code? Doing so can start the process of refreshing 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 30 June 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Lasseters%20International%20Holdings%20Ltd>

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