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Issuer: Cortina Holdings Limited

Stock code: C41

Meeting details:

Date: 28 July 2023

Time: 9.00 a.m.

Venue: York Hotel, 21 Mount Elizabeth, Singapore 228516

Q1. As mentioned in the chairman's message, the group has maintained its growth momentum and achieved higher revenue and profitability, coinciding with the celebration of the company's 50th Golden Jubilee anniversary. The financial highlights are provided on page 23 of the annual report, and an extract of the relevant information is reproduced below:

	FY2019	FY2020	FY2021	FY2022	FY2023
S\$ Million					
Turnover	460.8	513.8	436.7	716.9	826.6
Profit before Tax	39.2	53.1	54.5	92.6	106.4
Profit after Tax	30.8	41.7	43.0	73.8	83.5
Dividend (Net)*	9.1	10.8	10.8	19.9	26.5
Shareholders' Equity	199.4	231.8	258.6	314.5	363.7
Cents					
Basic Earnings Per Share	17.5	23.7	24.0	41.5	46.2
Net Assets Per Share	120.4	140.0	156.2	190.0	219.7

(Source: company annual report; emphasis added)

According to management, Cortina Watch will prioritise international luxury brands as part of its strategic direction while Sincere Watch, which was acquired in 2021, will focus on boutique brands.

- (i) **Does management anticipate opening a greater number of new mono-brand boutiques compared to multi-brand boutiques?**
- (ii) **How is the group leveraging technology, particularly social media, to enhance its experiential retail approach?**
- (iii) **Have there been any notable changes in customer profiles over the past three years? How have buying patterns evolved in response to marketplace dynamics, such as price increases, supply shortages, and grey market prices?**
- (iv) **Does management see interest in luxury Swiss watches remaining strong post-pandemic? In addition, does management expect the demand-supply imbalance to persist?**



- (v) **Can management clarify whether the group charges customers above the manufacturer's suggested retail price (MSRP) and if so, does this practice align with the agreements the group has with the brands?**

Q2. RSM Chio Lim LLP is the external auditor of the company and its subsidiaries in Singapore. The Sincere Watch entities are mostly audited by Deloitte & Touche LLP (Note 18). The subsidiaries in Taiwan are audited by Nexia Sun Rise CPAs & Co.

The board and the audit committee (AC) have stated that they are satisfied that the appointment of different auditors for its foreign subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the group.

- (i) **Has the Audit Committee (AC) conducted a reassessment of the size and complexity of the group following the acquisition of Sincere, and have they re-evaluated the criteria for selecting the group's auditor?**
- (ii) **How did the board and the AC satisfy themselves that the appointment of different auditors would not compromise the standard and effectiveness of the audit?**
- (iii) **How did the AC evaluate the external auditors and on what basis did the AC recommend their re-appointment?**

Q3. On 6 June 2023, the company reported that the group was subjected to a cyber-attack, where an unknown party gained unauthorised access to one of the group's servers, downloaded and encrypted the information therein.

The announcement on the cybersecurity incident can be read here:

https://links.sgx.com/FileOpen/20230606_CHL_Ann_Cybersecurity%20Incident_Att.ashx?App=Announcement&FileID=761738

- (i) **Can management provide details on the specific improvements that have been implemented in the group's IT systems and processes since the cyberattack incident?**
- (ii) **Have IT security and customer privacy been identified as key risks by the board and if so, what guidance has the board given to management to proactively manage these risks prior to the cyberattack? Does the board possess the necessary expertise to provide effective oversight in these areas?**

It has been widely reported that details of customers, vendors, staff, inventory and sales tactics have been leaked on the dark web.

- (iii) **Has management experienced any negative repercussions as a result of this incident, and have there been any noticeable changes in the number of physical store visits, website visits, or customer inquiries since the data leak?**
- (iv) **Has the board assessed the extent to which the cyberattack incident has affected the group's reputation and customer trust?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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