CORTINA HOLDINGS LIMITED
(Company Registration No.: 197201771W)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 29 JULY 2022
- RESPONSE TO QUESTIONS RECEIVED BY THE COMPANY

The Board of Directors ("**Board**") of Cortina Holdings Limited ("**Company**") refers to the questions received by the Company and the Company's response thereto.

Question 1

In Chairman's Message, he mentioned that the "acquisition of Sincere Watch last year allowed us to reap operational synergies". Please clarify what synergy was achieved for the year 2022, with operating expenses of the group increasing from 18.8% (last year 2021) to 20.9% of the revenue.

Company's response

The increase in our overall expenses from 18.8% (last year 2021) to 20.9% of the revenue was largely due to the significant growth in Group size and geographical presence.

We acquired Sincere Watch Limited and its subsidiaries ("SWL") on 16 March 2021. This acquisition provided us the exclusive distributorship rights to the Frank Muller brand in 13 countries within Asia Pacific. It also gave us access to SWL's arsenal of brands that can be distributed across 40 combined outlets - increasing the Group's value to both consumers and business partners.

Our customers are now able to enjoy a wider range of luxury timepieces carried by both Cortina and Sincere. There are therefore many cross-selling opportunities for us to market our extensive collection of luxury watches between Cortina and Sincere.

Our enlarged group today has, a total of 41 outlets (vs 22 pre-acquisition) in Singapore and the region (including new markets such as Australia) and more than 80 international brands in its portfolio (vs 35 brands pre-acquisition). Today. the Group has expanded its footprint in 7 geographical markets - Singapore, Malaysia, Thailand, Indonesia, Taiwan, Hong Kong and Australia

In terms of headcount, the scale and size of the Group have grown 63% to 584.

Going forward, we will continue to drive growth for the Group while making efforts to further improve operational synergies and economies of scale to boost margins and enhance shareholder value.

Question 2

Advertising and promotion expenses increased from $2.9 million to $16.5 million, please explain.

Company's response

The Group's advertising & promotion (A&P) expenses have increased as a result of our expanded stable of luxury brands and larger geographical network (post-SWL acquisition) as well as additional A&P efforts/activities taken to celebrate the Group's Golden Jubilee (50th anniversary) this year.

Question 3

The Company paid a total remuneration of $16.4 million (Last Financial year: $10.3 million) to executive directors, an increase of almost 60%. The immediate family members of substantial shareholders and executive directors were paid a total estimated to be up to $1.6 million. Total amount paid to executive directors and their immediate family members for the year 2022 was a high of $18 million. The year 2022 dividends to shareholders amounted to $19.9 million.

How does the board and management explain that executive directors and family members remuneration amounted to 90% of dividends payout? Are all stakeholders treated equitably?

Company's response

The Group's remuneration policies and structure have stayed consistent for the past 10 years or more.

The Remuneration Committee (RC) reviews directors' compensation annually according to our review framework which looks into a variety of factors that are structured to link rewards to the directors' role and responsibilities, corporate and individual performance. Such performance-related remuneration is also aligned with the interests of shareholders and to promote the long-term success of the company.

Each Executive Director and key management personnel has a service agreement with the Group. The remuneration structure provides for basic salaries, annual wage supplement, and incentive bonus which is tied to the performance of the individual and the Group.

As mentioned in our Annual Report, the level and mix of each remuneration package of the Executive Directors are designed after considering the market's pay and employment conditions within the industry, the individual's level of responsibilities, as well as the performance of the Group and individual Directors.

The RC emphasizes the performance-related elements of remuneration and this forms a significant part of the total remuneration package of Executive Directors as it is designed to align the Directors' interest with the long-term interest and risk policies of the Group and of the shareholders, and link rewards to corporate and individual performance. This is outlined on pages 46-47 of the Annual Report.

Key management personnel are compensated on a fixed plus variable basis based on individual and the Group's performance.

The RC would periodically review the Group's remuneration framework for Executive Directors and Key management personnel. This is to ensure that performance related remuneration is aligned with interests of the Group and its shareholders and promotes the long- term success of the Group.

Shareholders too have gained from the Group's success and improved performance over the years.

While the Group does not have a fixed policy on dividend payment, the Board has paid dividends to shareholders continuously for the past 10 years.

In proposing dividend payment, the Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments.

Cortina's shareholders have indeed enjoyed exceptional returns. Total shareholder returns (TSR) in the past 5 years exceeded 514% while TSR in the past 1 year was about 70%. [Source: https://www.shareinvestor.com/fundamental/factsheet.html?counter=C41.SI]

Going forward, the Group remains committed to enhance value for all stakeholders.

Question 4

4. In the Notice of AGM's Explanatory Notes 1, it is proposed for independent directors'(ID) fees to increase to $914,406 (from previously approved $709,406), an increase of $205,000 for "tremendous amount of time and effort spended by the IDs following the take-over of the management and control of Sincere Watch Limited and its subsidiaries post-acquisition."

Please explain how board members avoided conflict of roles, given that the IDs were involved in a material acquisition, were also involved in the "due diligence" and "integration of systems" and other operating activities of the Group.

Company's response

There is no conflict of Independent Directors' roles.

The financial and legal due diligence on the Sincere group of companies were conducted by independent legal and accounting professionals reporting to the Directors. None of the Directors has any interest, direct or indirect, in the acquisition of the Sincere group and this was duly disclosed in the circular on the acquisition dated 5 February 2021.

The fee of S$205,000 is a one-off fee for the additional efforts and time spent by the IDs post-acquisition as elaborated in the Explanatory Note 1 to the Notice of the AGM to achieve synergies to enhance the business of the enlarged Cortina Group for the long term.

The role of our Independent Directors has not changed at all.

They have maintained their objectivity and independence at all times in discharging their duties. They have continually engaged the management and Executive Directors in candid discussions and provided constructive and impartial guidance to ensure due governance processes are in place such as the setting of group policies, corporate governance and risk management.

The Independent Directors have no operational or functional duties.