



Cortina Holdings Limited

Annual Report

## **CORPORATE PROFILE**

The times may change but true style and quality last forever. For near 50 years, Cortina has established itself as a brand synonymous with impeccable, high-quality timepieces, renowned amongst discerning individuals.

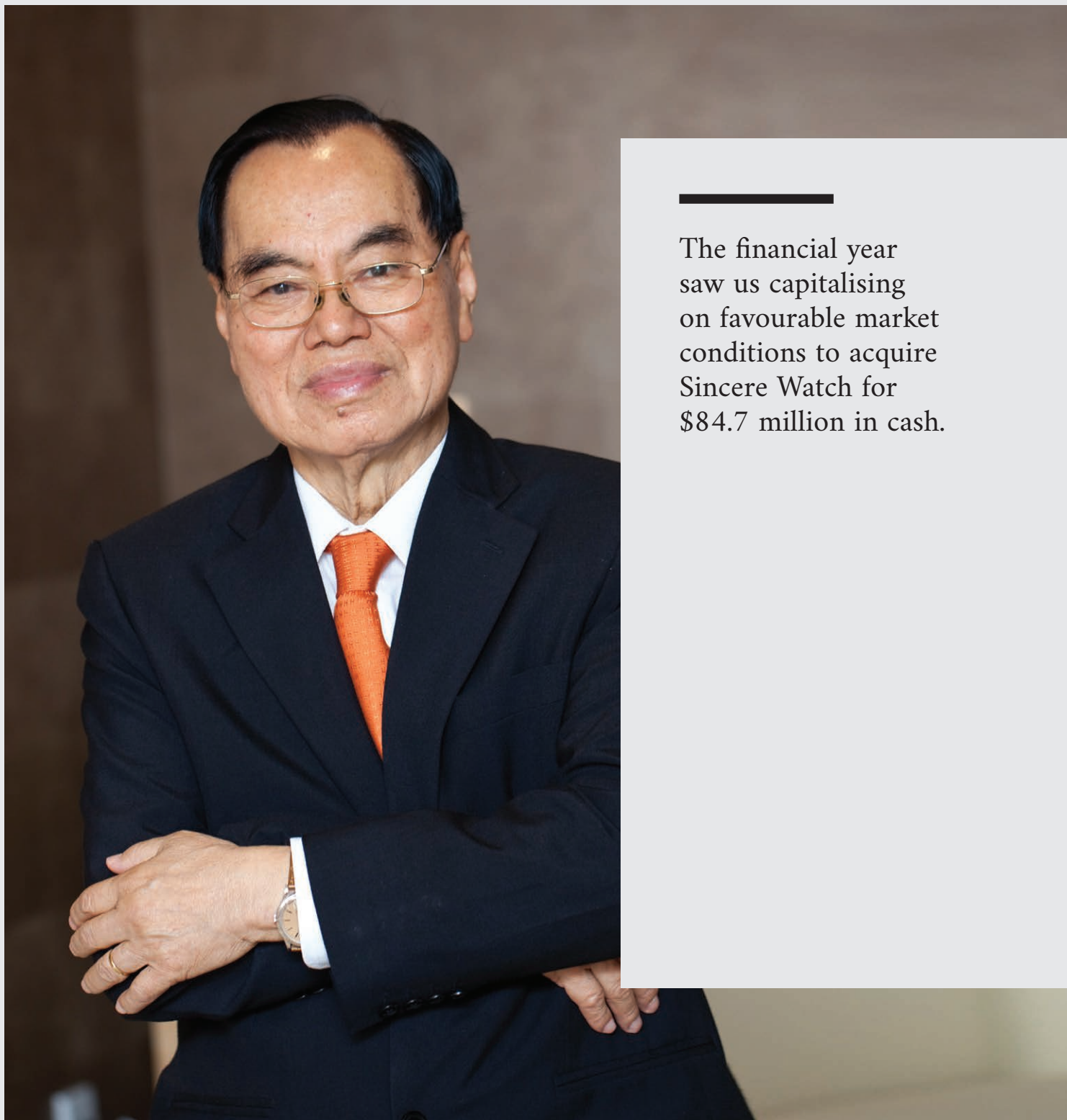
As we progress towards our next phase of growth, we remain focused on our mission of being a leading retailer and distributor of luxury timepieces and accessories across the Asia Pacific region. We continue to expand our network of retail outlets, seeking opportunities in countries and cities with high growth potential, while augmenting and strengthening our presence in key markets like Singapore, Malaysia and Thailand.

Our position in the industry is a result of the collective passion, foresight and diligence of our people. Our commitment and dedication to bringing you the best of luxury horology remains our utmost priority – by achieving that perfect balance through innovation, we continue to delight our customers with timepieces of the highest quality.

## **CONTENTS**

<b>2</b>	Chairman's Message	<b>25</b>	Financial Highlights
<b>6</b>	Events Highlights	<b>26</b>	Sustainability Report
<b>16</b>	Board of Directors	<b>37</b>	Corporate Governance Report
<b>20</b>	Additional Information on Directors Seeking Re-election	<b>60</b>	Financial Contents
<b>24</b>	Group Structure	<b>153</b>	Corporate Information





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The financial year saw us capitalising on favourable market conditions to acquire Sincere Watch for \$84.7 million in cash.

## **DEAR SHAREHOLDERS,**

Amidst a challenging climate, Cortina Holdings Limited (“the Group”) delivered a resilient performance for the financial year ended 31 March 2021 (“FY2021”). As COVID-19 severely disrupted economic activities around the world, global economic growth contracted during the year, with Singapore’s economy shrinking 5.4%. Despite the sombre external environment, we remained committed to ensuring operational excellence while upholding a prudent approach to bolstering performance and securing long-term value creation.

## **SUSTAINED PERFORMANCE**

Throughout FY2021, the Group delivered consistent results. Total revenue reached S\$436.7 million, representing a year-on-year decline of 15.0%. The lower turnover stemmed from the disruption to global supply chains as countries implemented travel and activity lockdowns in response to the COVID-19 outbreak. This led to a temporary shortfall in the supply of watches for approximately three months. Additionally, our top line was impacted by COVID-19 travel restrictions, with the fall in tourist arrivals contributing to low retail activity for several months across the markets where we operate. Thailand emerged as our top performer on the back of strong domestic spending and consumption, while Singapore, Malaysia and Taiwan achieved stable results.

Against this backdrop, net profit edged up 2.7% to S\$42.8 million, due to good stock management, an uptick in sales margin of 29.1% (last year: 27.2%) and payroll and rental supports from various parties. The higher sales margin was attributable to the price resilience of our products and sustained demand for luxury watches. Meanwhile, the year in review saw the Group generating net operating cash inflow of S\$92.6 million, including adjustment for S\$23.0 million of depreciation for right-of-use assets. Net asset value per share rose to 156.1 cents, against 140.0 cents last year, while earnings per share recorded an uptick to 23.9 cents, compared to 23.7 cents in FY2020.

## **EXPANDING OUR FOOTPRINT, ENHANCING OPERATIONAL EFFICIENCY**

At Cortina Holdings, we adopt a forward-looking and proactive strategy to augment performance and drive value creation. The financial year saw us capitalising on favourable market conditions to acquire Sincere Watch for \$84.7 million in cash. Apart from delivering cost savings, this strategic acquisition offers operational synergy through the cross-selling of products and pooling of resources. In addition, the move brings Franck Muller into Cortina’s growing stable of luxury brands, while enhancing our brand equity and competitive edge in the luxury watch sector.

# CHAIRMAN'S MESSAGE

In our quest to drive greater operational efficiency, we regularly review the performance of our retail outlets to enhance same-store sales. During the year, we closed our Rolex boutique at Marina Square in Singapore in light of the mall's sub-optimal tenant mix as part of our continuous efforts to optimise resources.

Alongside this, we continued to broaden our presence in Taiwan. The refurbishment of our new boutique in Kaohsiung's E Sky Land Mall is expected to conclude by mid-FY2022. Situated at the heart of an affluent community, this new outlet will feature an extensive selection of exquisite timepieces and allow us to expand our retail footprint in this market.

## ENHANCING OUR DIGITAL REACH

As part of our continuing efforts to bolster our competitiveness, we enhanced our digital footprint during the year. Aimed at gaining greater insights into our customers' behaviour, the move enables us to curate our timepieces to suit their preferences. Beyond enhancing sales efficiency, these efforts have proven to be effective in driving our consumer activations over the year. Moving forward, we will continue to bolster our digital infrastructure to heighten customer experience while strengthening our brand.

## PROMOTING SOCIAL SUSTAINABILITY

During the financial year, we continued to uphold our commitment to being a socially responsible

company and to uplifting the lives of others. Reflecting our dedication to social sustainability, we contributed to arts and charitable organisations across Singapore. These included donations to Life Community Services Society and the Breast Cancer Foundation as well as support for the local arts scene with a contribution to the Wild Rice Virtual Ball. More details on our sustainability efforts in FY2021 can be found in our Sustainability Report, which outlines the Group's commitment to accountability and embracing sustainable practices across our operations.

## OUTLOOK

Looking ahead, the macro-economic outlook for 2021 is expected to be a more promising one vis-à-vis the previous year. The International Monetary Fund (IMF) anticipates robust economic expansion on the back of fiscal stimulus in the US and COVID-19 vaccine rollouts across the world. However, uncertainty from new virus mutations, further waves of COVID-19 infections and a divergent rebound across advanced and lesser-developed economies could affect the pace of recovery.

In light of this, prudent capital management remains a key management focus for the Group. We will continue to maintain a robust balance sheet while shoring up a strong cash position to safeguard against external events. Being well-positioned to weather the challenges ahead will provide us with the financial flexibility to seize market opportunities. Notably, the global pandemic has tested the resilience of global



supply chains. Recognising this, we will continue to strengthen our partner relationships with suppliers to ensure smooth product flow to our retail outlets. This, combined with our strong balance sheet and deep industry knowledge, stands us in good stead to augment our position in the luxury watch retail landscape.

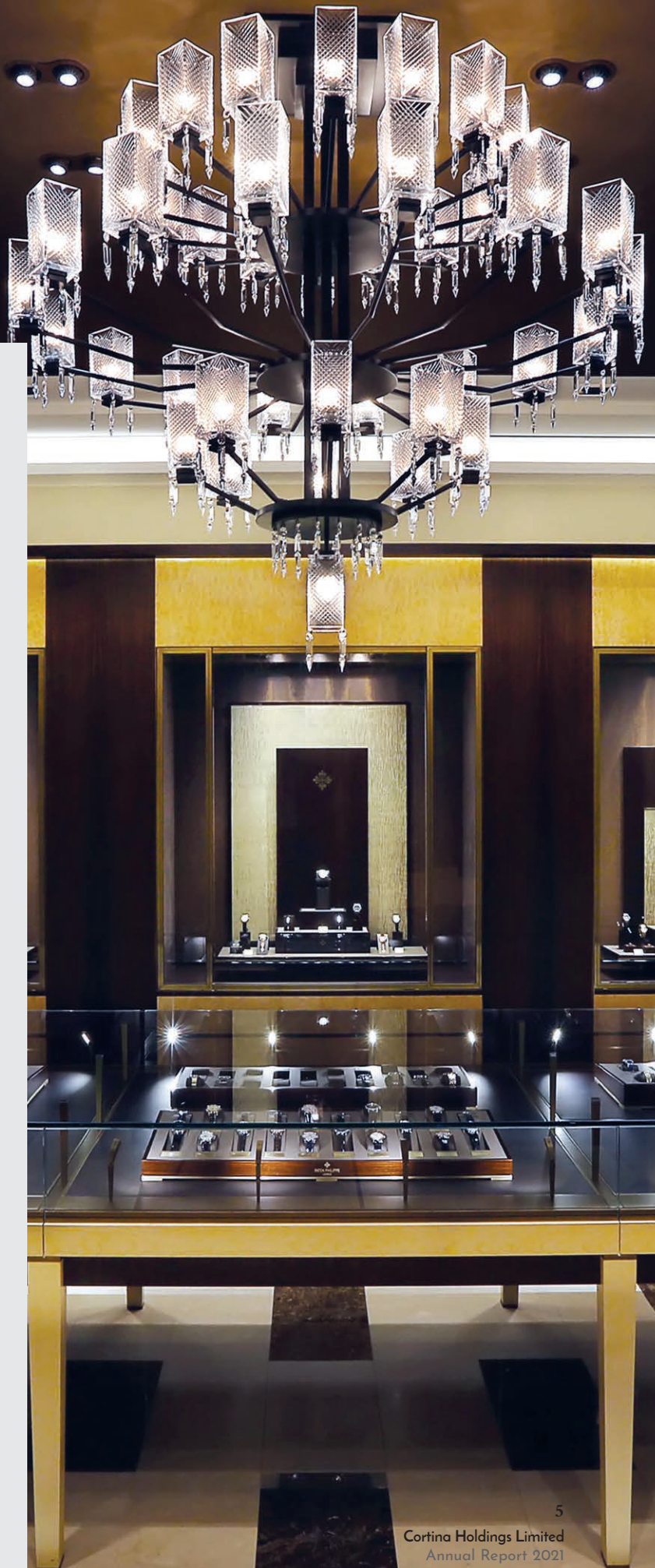
#### **APPRECIATION**

My sincere appreciation goes to the Board of Directors for their invaluable guidance in driving the Group forward amidst a challenging year. I am also grateful to our partners, shareholders and customers for their unwavering support, as well as our management and staff for their invaluable dedication and commitment.

I am pleased to inform that the Board of Directors has proposed a final dividend of 2.0 cents and a special dividend of 4.5 cents, both being tax-exempt and in cash, per ordinary share for the financial year 2021, subject to the approval of the shareholders at the next annual general meeting to be held on 26 August 2021.

As we forge ahead in the coming year, we remain resolute in our focus on enhancing shareholder value and delivering sustainable returns.

**Lim Keen Ban, Anthony**  
Executive Chairman



## EVENTS HIGHLIGHTS

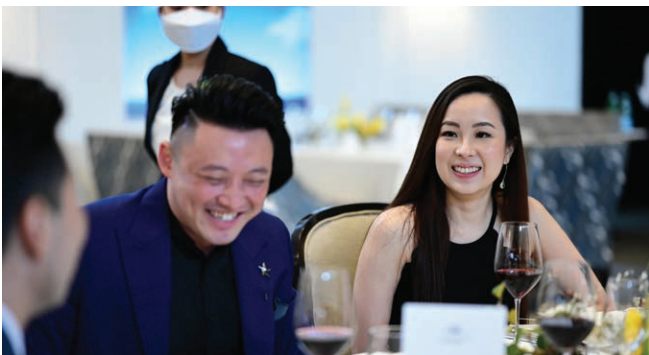
Adaptation has championed us through the changing views and trends in the luxury industry landscape. We continue to focus on our priorities while maintaining our efforts to adapt to the economic situation. Taking advantage of our ability to engage, we are driven to enrich our offerings with reinforced brands' partnership, providing our clientage with an exceptional experience both online and offline.

### Le Voyage Event – Patek Philippe, SINGAPORE

“Le Voyage” seeks to re-create a world of luxury cruise travel. Taking reference from the two astonishing complications, World Time and Time Travel, we are on board to a voyage of discovery to explore the most exclusive of travel watches.









# EVENTS HIGHLIGHTS

## Étourdissant Cartier – SINGAPORE

Cartier perfectly embrace the excellence of uniting High Jewellery and Watchmaking. A rare collection with the highly coveted Révélation d'une Panthère, Panthère de Cartier cuff were part of the curated selection; presenting the maison's unparalleled feat in the feminine creation of watchmaking.



H Moser & Cie  
Pioneer Tourbillon Mega Cool



Chopard L.U.C  
Perpetual Twin



Blancpain  
Fifty Fathoms  
Bathyscaphe Flyback





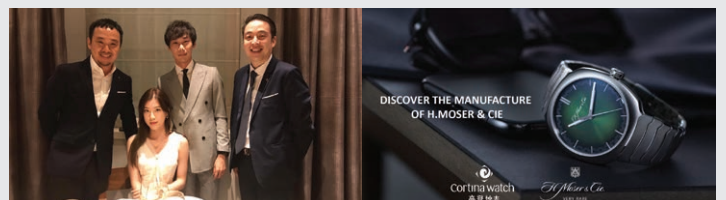
Maillon de Cartier

### The 'In Conversation with Cortina Watch' Series – SINGAPORE

Cortina Watch was able to quickly innovate our customers' interactions into effective digital engagements. The "In Conversation" webinar series were part of the group's efforts to continue sharing the passion of watchmaking which was deeply rooted in our values. Through the candid exchanges, it provided interesting in-depth insights highlighting the mastery of technicality and aesthetics of some of the most iconic watch models in the world of haute horlogerie. It delved into everything that makes a watch valuable and uncovered the less talk about strategic decisions made in guarding the brand.

### Novelties Viewing – SINGAPORE

Bringing together all the many spectacular novelties this year, we are able to present the exclusive previews and try-ons in Singapore following the global digital launches with some of the finest horology manufacturers like Rolex, Chopard, Blancpain, just to mention a few.



## EVENTS HIGHLIGHTS



### **TAG Heuer 160<sup>th</sup> Anniversary Exhibition – MALAYSIA**

The trusted alliances between Cortina Watch and TAG Heuer has always bring dynamism to the benefit of our clientage.

This year, the maison celebrated TAG Heuer's 160<sup>th</sup> Anniversary with a grandeur exhibition at KLCC Suria, officially launching the Carrera 160 Years Silver Limited Edition of 1,860 pieces.

### **Corum Exclusive Viewing – MALAYSIA**

With the imminent 65<sup>th</sup> anniversary of the Corum Admiral series, we launched an exclusive viewing on the latest novelties including the Admiral 42 Automatic Full Black Collection.







**Breguet Marine Haute Joaillerie 9509 Poseidonia, THAILAND**

Taking inspiration from the fascinating beauty of the seas, we unveiled the new “Breguet Marine Haute Joaillerie 9509 Poseidonia”. Poseidonia also known as Neptune grass essential to the sea’s balance, are skilfully represented through the art of mother-of-pearl marquetry and invisible setting on the timepiece. The intimate evening is bedazzled by the precious gems and pampered with an artisanal cuisine.

**Bell & Ross BR05 Skeleton Blue Luxury Sports Watch – THAILAND**

A new icon by Bell & Ross, the latest BR 05 Skeleton Blue was launched over a press conference hosted by Cortina Watch. The new skeleton version is exceptionally stunning with its rich finishings. Limited edition of 500 pieces.

**Loyalty Program – VIP Private Shopping Experience, THAILAND**

Cortina Watch launched its first loyalty program with private group shopping experience to VIP clientele exclusively at Cortina Watch Central Embassy, Thailand. A dedicated sales team is set in place to deliver personalized services and to share valuable insights into the dynamic world of horology.



## EVENTS HIGHLIGHTS



### **The Luxury of Time – INDONESIA**

A host of events and activities were held in tribute to the rich history of Patek Philippe. Cortina Watch maintained its commitments with the brand; inspiring our clientele with more immersive experiences.





### **Patek Philippe 101 Boutique Grand Re-Opening – TAIWAN**

The much anticipated Patek Philippe Taipei 101 Boutique was officially re-opened. The 131sqm interiors were designed to welcome guests into a journey of fine watchmaking under the Patek Philippe Maison. Greeted with a watch gallery area displayed with a wide range of Patek Philippe timepieces to private lounge and sales salon, the Maison also carries its very own iconic scent “Grand Quai”.



# EVENTS HIGHLIGHTS

## “The Art of Living” Series – TAIWAN

It’s a celebration of l’art de vivre – the art of living. Kicking start the series, we co-hosted with editor-in-chief of International Wrist Watch magazine and specially invited wine connoisseur to introduce the masterpieces of Franck Muller timepieces presented with an exceptional fine range of Mediterranean wines. A perfect rendezvous in Mediterranean’s summer leisure spirit – with a Swiss twist.

To add, a special collection of couple-matching timepieces were purposefully coordinated for the Chinese Valentine’s Day occasion. Couples also enjoyed spending time together creating the perfect scent of the aroma oil stone box for their loved ones.

To further accentuate the l’art de vivre, we orchestrated three highly sought-after finest single malt Scotch whisky from The Macallan, accompanied with the distinguish range of haute horlogerie collection.







### Exclusive Watch Exhibitions – TAIWAN

The newly renovated Royal-Nikko Taipei Boutique's Exhibition Gallery concept received an excellent welcome. Equipped with visual effects, it has successfully launched several key brand exhibitions over the year.

The special effects allowed a multi-dimensional experience in learning the historical stories, characteristics as well as the craftsmanship of the highlighted collection. Jaeger-LeCoultre presented the "Heritage Gallery" showcasing their enamel craftsmanship, Jaquet Droz creatively transformed the gallery with an animated watchmaking brand journey, Omega and Franck Muller exhibited their mechanical excellence with exclusive documentary movie films, just to name a few. The customizable exhibition gallery will continue to bring mesmeric sensory journey to our clientele with the exciting line-ups to come.

# BOARD OF DIRECTORS

>

**LIM KEEN BAN, ANTHONY**  
Executive Chairman

**LIM JIT MING, RAYMOND**  
Executive Director  
Group CEO



>

**YU CHUEN TEK, VICTOR**  
Executive Director  
Chief Corporate Affairs Officer

**LIM JIT YAW, JEREMY**  
Executive Director  
CEO of Cortina Watch Pte Ltd



>

**CHIN SEK PENG, MICHAEL**  
Lead Independent Director

**LAU PING SUM, PEARCE**  
Independent Director



>

**FOO SEE JIN, MICHAEL**  
Independent Director

**CHUANG KENG CHIEW**  
Independent Director



#### **LIM KEEN BAN, ANTHONY**

Lim Keen Ban, Anthony is the Executive Chairman of the Group. He is one of the founders of our Group and held the position of Chief Executive Officer (CEO) since 1972. On 1 June 2021 he relinquished his position as CEO and continues as Executive Chairman of the Group. As CEO, Mr Lim was responsible for the overall management, strategic planning and business development of the Group. He also headed the distribution business and was instrumental in building up the distribution business over the last 20 years. He has over 45 years of experience in the business of watch retailing and distribution and has gained extensive knowledge of the industry over the years. Mr Lim was the President of the Singapore Clock & Watch Trade Association from 2002 to 2008. As Executive Chairman of the Group, he heads the Board of Directors to approve strategic plans and to oversee the stewardship of the Group.

#### **LIM JIT MING, RAYMOND**

Lim Jit Ming, Raymond is an Executive Director of the Group since 1992. He was appointed in 2011 as the Group's Deputy Chairman and Deputy Chief Executive Officer. He plays a pivotal role in assisting the CEO in the overall management, strategic planning and is actively involved in the development of new markets. He has been with the Group since 1980 and has over 40 years of experience and know-how of the watch retail and distribution industry. On 1 June 2021, Mr Raymond Lim ceased to be the Deputy CEO and take up the appointment as CEO of the Group. As Group CEO, he formulates the strategic plans of the Group and directs their implementation.

#### **YU CHUEN TEK, VICTOR**

Yu Chuen Tek, Victor is a Director since 1987 and was appointed Executive Director in 1995. He is now the Chief Corporate Affairs Officer of the Group. His main portfolio includes overseeing all legal, secretarial and public relations matters, investor relations and searching for and screening of potential M&A opportunities. Mr Yu holds a Bachelor of Business Administration degree from the University of Singapore. He was the Singapore Honorary Consul General in Papua New Guinea from 1988 to 1992 and Honorary Consul of the Republic of the Fiji Islands in Singapore from 2006 to 2009.

#### **LIM JIT YAW, JEREMY**

Lim Jit Yaw, Jeremy is an Executive Director of the Group since 2002. He was appointed Chief Operating Officer in 2011 and promoted to Chief Executive Officer of Cortina Watch Pte Ltd on 1 June 2021. Mr Lim takes lead in the overall business objectives devising policies to bringing visions to reality. He continues to oversee the business operations; which includes retail outlets in Singapore, Malaysia, Thailand and Indonesia. Mr Lim graduated from Edith Cowan University, Australia with a Bachelor of Business majoring in Accounting and Finance. He continued to pursue his major after graduation as an audit senior at KPMG Singapore from 1997 to 2000. In April 2012, Mr Lim was nominated as the President of Singapore Clock and Watch Trade Association. More recently in 2019, he was appointed as a council member of the Singapore Chinese Chamber of Commerce and Industry.



### **CHIN SEK PENG, MICHAEL**

Michael Chin is the Executive Chairman of PKF-CAP group of entities including PKF-CAP LLP, a firm of chartered accountants based in Singapore and a Board member of PKF International Asia Pacific region. He is also the co-founding Director of PKF-CAP Advisory Partners Pte Ltd, a company engaged in the provision of consultancy and business advisory services.

Michael started his audit training in London. After qualifying as a chartered accountant, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994. In 1994, he joined the Institute of Singapore Chartered Accountants (“ISCA”) as the first Practice Review Director, heading, running and regulating the compliance of work standards of all audit practices in Singapore. In 1999, Michael joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory division and in 2002 he left the firm to set up his own audit and consultancy practices with other partners.

He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Singapore public accountant, Fellow (practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was formerly a Council member of ISCA as well as the Chairman of The Public Accounting Practice Committee.

Michael serves as Independent Director mainly in the capacity as Audit Committee Chairman to several public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors, Singapore and a member of the Singapore Institute of Directors.

### **LAU PING SUM, PEARCE**

Lau Ping Sum, Pearce was appointed Independent Director since 2002. He has held management positions in both the public and the private sectors. Mr Lau was the Member of Parliament for Yio Chu Kang and the Ang Mo Kio GRC from 1980 to 1996. He is a director of several publicly listed companies. Mr Lau holds a Bachelor of Economics from the Australian National University and a Diploma in Business Administration from the then University of Singapore. He is Adjunct Professor and Chairman of the advisory committee on Translation and Interpretation of the Singapore University of Social Sciences (SUSS) and a member of the Institute of Directors.

### **FOO SEE JIN, MICHAEL**

Foo See Jin, Michael is one of the founders of our Group and is a Non-Executive Director of our Group since 1972. He was designated as Independent Director since November 2013. He has been in the food and beverage industry for over 37 years.



### **CHUANG KENG CHIEW**

Before joining the legal profession in 1998, KC Chuang as he is commonly known, was a Chemical Technologist in a large multi-national oil and gas company for many years before pursuing a career in law. KC Chuang was called to the English Bar in 1996 and admitted to the Singapore Bar in March 1998.

He was a Director of Advent Law Corporation from 1 November 2003 to 31 December 2014. KC Chuang was appointed as a Consultant in Advent Law Corporation since 1 January 2015 and remains as a shareholder of the firm.

KC is active in the community at large. Currently he volunteers at Punggol North on a weekly basis and runs the legal clinic at Punggol 21 CC on a monthly basis. He is also the Secretary of Singapore Hainan Society and Advisor to the Singapore Chong Clan Association.

Past positions held by KC in the community including President of the Singapore Chong Clan Association, Treasurer and Vice President of Hainan Business Club, and Assistant Secretary of Hainan Hwee Kuan.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Date of appointment

Date of last re-appointment (if applicable)

Age

Country of principal residence

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)

Whether appointment is executive, if so, the area of responsibility

Job Title (e.g. Lead ID, AC Chairman, AC member, etc.)

Professional qualifications

Working experience and occupation(s) during the past 10 years

Shareholding interest in the listed issuer and its subsidiaries

Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries

Conflict of interests (including any competing business)

Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))

Other Principal Commitments including Directorship

Lim Jit Ming, Raymond	Yu Chuen Tek, Victor	Lau Ping Sum, Pearce
5 November 1992	6 June 1985	27 June 2002
26 July 2018	26 July 2018	26 July 2019
61	68	81
Singapore	Singapore	Singapore
The re-election of Mr Lim as a Director of the Company at the AGM 2021 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lim's contributions, qualifications, expertise and past experiences.	The re-election of Mr Yu as a Director of the Company at the AGM 2021 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Yu's contributions, qualifications, expertise and past experiences.	The re-election of Mr Lau as a Director of the Company at the AGM 2021 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lau's contributions, qualifications, expertise and past experiences.
Yes, he formulates the strategic plans of the Group and directs their implementation.	Yes, he is responsible for overseeing all legal, secretarial and public relations matters, investor relations and searching for and screening of potential M&A opportunities.	No, the appointment is non-executive.
<ul style="list-style-type: none"> <li>- Executive Director</li> <li>- Group CEO</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Director</li> <li>- Chief Corporate Affairs Officer</li> <li>- Member of Nominating Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Chairman of Remuneration Committee</li> <li>- Member of Nominating Committee</li> <li>- Member of Audit Committee</li> </ul>
None	Bachelor of Business Administration degree from University of Singapore.	Bachelor of Economics from the Australian National University and a Diploma in Business Administration from University of Singapore.
He has been with the Group since 1980 and has over 40 years of experience and know-how of the watch retail and distribution industry.	He has been with Cortina Holdings Limited since 1987 and was appointed Executive Director in 1995.	He is Adjunct Professor and Chairman of the advisory committee on Translation and interpretation at Singapore University of Social Sciences (SUSS) and a member of the Institute of Directors.
Deemed interest of 52,657,490 shares, 31.802%	Direct interest of 8,835,015 shares, 5.336% and deemed interest of 7,428,000 shares, 4.486%	Direct interest of 30,000 shares, 0.018%
Son of Executive Chairman, Mr Lim Keen Ban Anthony and elder brother of Executive Director, Lim Jit Yaw Jeremy	None	None
None	None	None
Yes	Yes	Yes
<ul style="list-style-type: none"> <li>• <b>Past (for the last 5 years):</b> <ul style="list-style-type: none"> <li>- None</li> </ul> </li> <li>• <b>Present:</b> <ul style="list-style-type: none"> <li>- Subsidiaries of Cortina Holdings Limited</li> <li>- Lim Keen Ban Holdings Pte Ltd</li> <li>- Pendulum Service Center Ltd</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Past (for the last 5 years):</b> <ul style="list-style-type: none"> <li>- None</li> </ul> </li> <li>• <b>Present:</b> <ul style="list-style-type: none"> <li>- Subsidiaries of Cortina Holdings Limited</li> <li>- Rennick Pte Ltd</li> <li>- Pendulum Service Center Ltd</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Past (for the last 5 years):</b> <ul style="list-style-type: none"> <li>- Huan Hsin Holdings Ltd</li> </ul> </li> <li>• <b>Present:</b> <ul style="list-style-type: none"> <li>- Sunpower Group Ltd</li> <li>- P5 Capital Holdings Ltd</li> <li>- Napier Healthcare Solution Pte Ltd</li> </ul> </li> </ul>



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The general statutory disclosures of the Directors are as follows:

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgment against him?
- (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
- (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

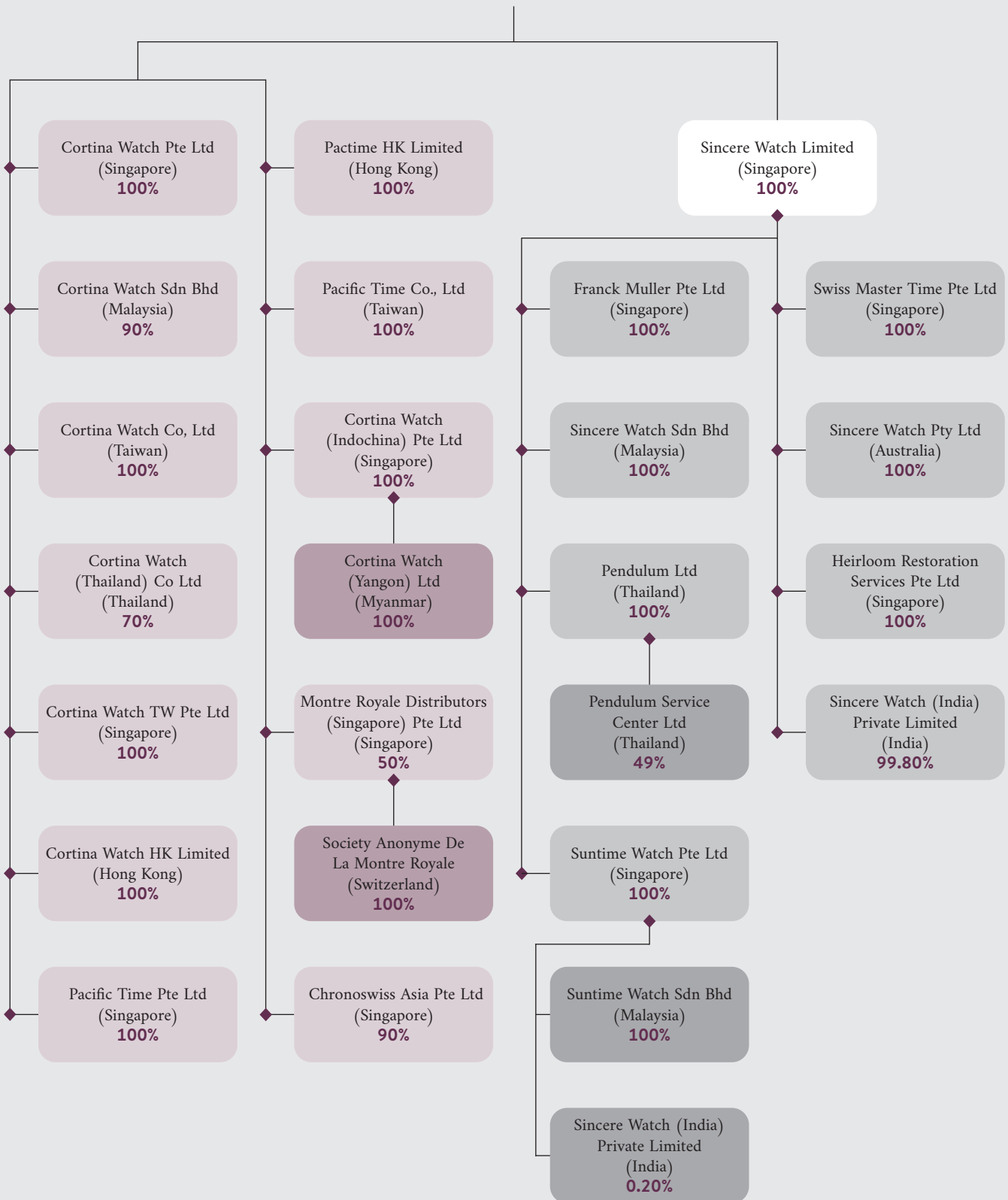




# GROUP STRUCTURE



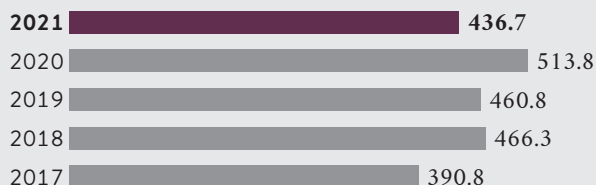
## Cortina Holdings Limited



# FINANCIAL HIGHLIGHTS

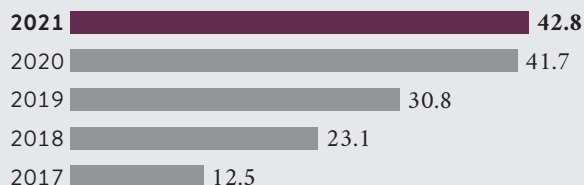
## Turnover

(S\$'M)



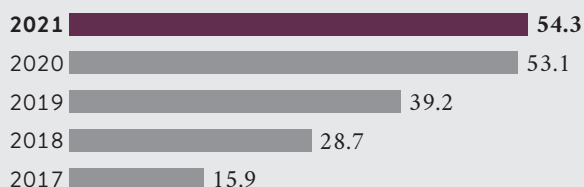
## Profit After Tax

(S\$'M)



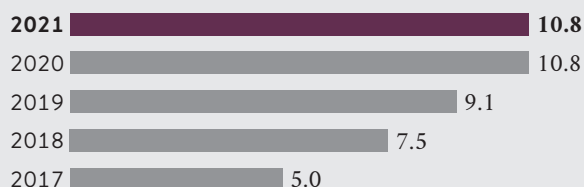
## Profit Before Tax

(S\$'M)



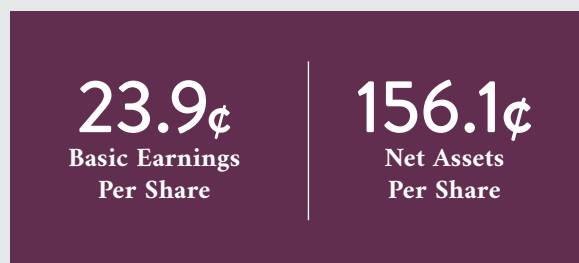
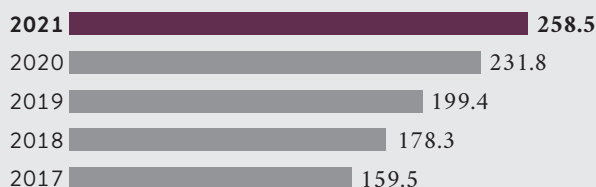
## Dividend (Net)\*

(S\$'M)



## Shareholders' Equity

(S\$'M)



	FY2017	FY2018	FY2019	FY2020	FY2021
<b>S\$ Million</b>					
Turnover	390.8	466.3	460.8	513.8	<b>436.7</b>
Profit before Tax	15.9	28.7	39.2	53.1	<b>54.3</b>
Profit after Tax	12.5	23.1	30.8	41.7	<b>42.8</b>
Dividend (Net)*	5.0	7.5	9.1	10.8	<b>10.8</b>
Shareholders' Equity	159.5	178.3	199.4	231.8	<b>258.5</b>
<b>Cents</b>					
Basic Earnings Per Share	7.1	13.5	17.5	23.7	<b>23.9</b>
Net Assets Per Share	96.3	107.7	120.4	140.0	<b>156.1</b>



# SUSTAINABILITY REPORT

## CONTENTS

26	Board Statement	31	Anti-Corruption
27	About This Report	32	Our Green Footprint
28	About Cortina Holdings	32	Employment
30	Stakeholders Engagement	34	Engaging Our Communities
31	Materiality Assessment	34	Customer Privacy
31	Economic Performance	35	GRI Content Index

## BOARD STATEMENT

Dear Stakeholders,

The global COVID-19 pandemic has highlighted the importance of being resilient, adaptable and agile as companies faces unprecedented challenges. At Cortina Holdings Limited (the “Group”, “We”, “Our”, “Us” or “Cortina Watch”), we believe that our position in the industry is a result of the collective passion, foresight and diligence of our people and through this sustainability report, we are pleased to highlight how these values have helped us achieve sustainability through this period marked with uncertainty and disruption.

### NAVIGATING THROUGH UNCERTAINTY

The COVID-19 pandemic has caused business interruptions to the retail sector from temporary closure of malls, reduced personnel to lesser footfall. During the course of the year, we have

implemented business continuity plan covering from human resources, e-system that supports the business structure, retail operations to digitalizing our traditional marketing reach. Through our agile approach in responding to changes, we managed to face the challenges that have arisen from the uncertainties brought about by the pandemic with positivity.

At Cortina, health and safety of our employees and customers are our key priorities at all times and it is important that we continue to protect their well-being. We have proactively implemented stringent health and safety measures group-wide in compliance with regulatory guidelines and global best practices. All employees and visitors at our boutiques and office premises are required to adhere strictly to the health and safety measures and regulatory guidelines issued by the local government.

## LOOKING AT 2020 AND BEYOND

We are proud of our commitment towards corporate sustainability as well and in FY2021, the Group has successfully acquired Sincere Watch Limited (“Sincere Watch”) which will provide Cortina Watch with exclusive distributorship rights to the Franck Muller brand in 13 countries within the Asia-Pacific. In addition, by acquiring Sincere Watch, Cortina can create operational synergies and have the access to Sincere Watch’s brands that can be distributed across 46 combined outlets.

It is always our long-term commitment to build our business in a sustainable manner where we have in mind all our stakeholders’ interest. The Board of Directors (the “Board”) oversees the management and governance of the Group’s sustainability direction and ensure that our sustainable practices and goals are aligned with the Group’s strategic business direction. We review and determine the sustainability factors which are material to our business and we manage our sustainability issues carefully to ensure that we remain sustainable. We conduct our business activities in a manner that is ethically, socially and environmentally sustainable.

As we progress towards our next phase of growth, we remain focused on our mission of being a leading retailer and distributor of luxury timepieces and accessories across the Asia Pacific region. We continue to bring to our customers the best and highest quality timepieces and at the same time building sustainable brand through our sustainability initiatives.

Last but not least, on behalf of the Board, I wish to express our appreciation to our dedicated staff and stakeholders for their loyal support and cooperation throughout the years, especially during these unprecedented challenging times. I look forward to your continuous support as we remain focused in our journey towards a more sustainable future.

## ABOUT THIS REPORT

This Sustainability Report focuses on our strategy, approach and sustainability performance of our operations in Singapore and the Asia Pacific regions for the financial year ended 31 March 2021 with the primary focus on environmental, social and governance (“ESG”) and economic aspects as well as initiatives undertaken that have impacted the material ESG factors. This report does not include any outsourced activities, joint ventures and suppliers. The previous Sustainability Report was published in August 2020.

This report is prepared in compliance with Rules 711A and 711B of the Singapore Exchange (“SGX”) and SGX Sustainability Reporting Guide as well as with reference to the Global Reporting Initiative (“GRI”) Standards: Core Option.

We are committed to adhere to the GRI principles for the definition of the report’s content and quality, including stakeholder inclusiveness, sustainability context, materiality and completeness. In ensuring the quality of the report, the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness have been adopted.

We have not sought any independent assurance for the ESG and economic performance data and information presented in this report. We rely on our internal process to verify the accuracy of the data and information reported. We will continue to work on enhancing our reporting processes and consider obtaining external assurance in the future.

As part of our ongoing efforts in improving the coverage of our sustainability practices, we welcome stakeholders to submit their questions or feedback on any aspect of our sustainability performance to <http://www.cortina.com.sg/get-in-touch/>.

# SUSTAINABILITY REPORT

## ABOUT CORTINA HOLDINGS

### COMPANY PROFILE

Cortina was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) Mainboard since 29 July 2002. We are incorporated and headquartered in Singapore. Over the years since Cortina was established in Year 1972, our main business focuses on the retail and distribution of luxury and high-quality timepiece and accessories.

In FY2021, we have expanded our business by acquiring Sincere Watch. With this expansion, we have a total of 46 retail boutiques located in the major cities in these countries and we have the access to Sincere Watch’s brands, such as A. Lange & Söhne, Franck Muller, Greuber Forsey, in addition to the international brands in our existing product range, such as Bell & Ross, Bvlgari, Cartier, IWC, Jaeger-LeCoultre, Longines, Montblanc, Omega, Patek Philippe, Rolex, TAG Heuer and amongst others. We believe this will bring positive financial impact to the Group as we are able to reach out to new customers. In addition, Cortina will be the

exclusive distributor to the Franck Muller brand in 13 countries within the Asia-Pacific region.

We continue to expand our network of retail outlets, seeking opportunities in countries and cities with high growth potential, while augmenting and strengthening our presence in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, Taiwan and Australia represented by the Group’s subsidiary companies (please refer to the Group Structure presented in the Group’s Annual Report 2021 for all subsidiaries). Currently, we have a total of 586 dedicated employees to serve our customers with the highest quality timepieces.

For years to come, we will continue our commitment and dedication to be the leading retailer and distributor of luxury timepieces and accessories and bring our customers the best of luxury horology and timepieces of the highest quality.

### MISSION

To offer to our clients an extensive, intricately curated selection of preeminent luxury watch brands through our expansive distribution channels and well-situated, impeccably furnished boutiques, while delivering top-notch service through our professional, client-centric and knowledgeable sales force.

### VISION

To be the Asia Pacific leader in luxury watch retailing and distribution and the preferred choice for timepiece aficionados of style, elegance and class.

### MEMBERSHIP OF ASSOCIATIONS

The Group’s board members continue to be represented on various industry bodies and public organisations such as the Singapore Clock and Watch Trade Association and the Singapore Chinese Chamber of Commerce & Industry (SCCCI). Mr Anthony Lim, Cortina Holding’s Executive Chairman, had been actively involved

in the Singapore Clock & Watch Trade Association and was the President of the association from 2002 to 2008. Mr Jeremy Lim, the Executive Director of the Group, has been the President of the Singapore Clock and Watch Trade Association since April 2012. He is also a council member of the Singapore Chinese Chamber of Commerce & Industry (SCCCI).



## SUPPLY CHAIN MANAGEMENT

Our aim is to select and work with suppliers who share the same values as us and meet our standards for ethical conduct, human rights, workplace standards and care for the environment. We constantly maintain our good working relationships with our suppliers whose goals and commitments are in line with ours.

Our suppliers are required to undergo our stringent pre-selection assessments to ensure the quality of products supplied. We forge strong, long-term relationships with our suppliers who are crucial to our success. Our sustainability efforts include sourcing for environmental-friendly suppliers and minimise in any greenhouse gas emissions from transportation.

The COVID-19 pandemic has impacted supply chain and we have been working closely with our suppliers to overcome these challenges. We have taken measures to review and monitor our business continuity plans to minimise any possible disruptions to our value chain which include making adjustments to the Group's operations in response to the evolving situation, to ensure the optimal inventory levels. During this period, despite some of the stores being closed during lock down in the region, we continue to engage with our customers through our online channels. Besides, we consistently engage with our suppliers to gain information relating to the factory closure in Switzerland due to the lockdown.

We uphold responsible marketing and sales practices throughout our retail boutiques to safeguard our customers' interest. In the midst of the various phases of safety measurements in place across our region, we have taken on customer interactions digitally keeping them updated with new launches, latest watch market news, etc. We continue to welcome customer and community feedback to improve our marketing practices.

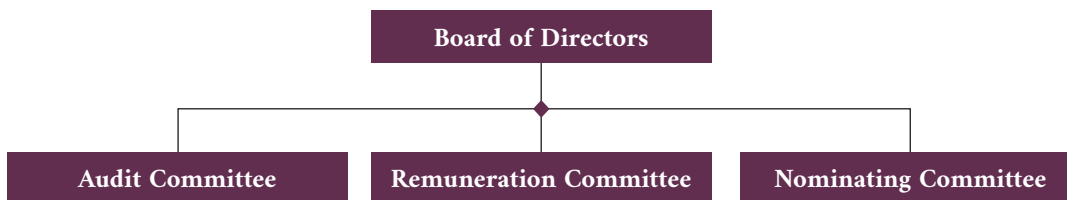
## SUSTAINABILITY GOVERNANCE

At Cortina, we always emphasise high standards of corporate governance, accountability, professionalism, and integrity as we believe that good corporate governance is key to ensuring the sustainability of our business.

The Group acknowledges the importance of establishing a structure in place for sustainability governance to identify and execute sustainability initiatives within our business processes. Our senior management leads our sustainability effort to enhance our sustainability governance and to ensure that the Group's sustainability strategy aligns with our business objectives. The Board provides oversight to the development of the Group's sustainability strategies and is periodically updated by our senior management.

Please refer to the Corporate Governance Report section in the Annual Report for more information.

### CORTINA WATCH'S CORPORATE GOVERNANCE STRUCTURE



# SUSTAINABILITY REPORT

## STAKEHOLDERS ENGAGEMENT

Cortina's approach to sustainability is supported by our commitment to create long-term sustainable value for our stakeholder. We value the feedback arising from our stakeholder engagements as these concerns are critical to the Group's long-term success. We have identified and prioritised our key stakeholders based on the assessment of their dependence and influence on the business.

The table below summarises the engagement activities, stakeholder expectations and frequency of activities with key stakeholders:

Stakeholder Group	Engagement Activities	Stakeholder Expectations	Frequency
Customers	<ul style="list-style-type: none"> <li>Refurbishment and upgrade of newly opened and existing boutiques raises the customer experience</li> <li>Hosting of events to strengthen customer relationships</li> <li>Continue to engage with customers through digital channels to maintain our conversations / interactions</li> </ul>	Exceptional shopping experience with timepieces of the highest quality.	Ongoing
Suppliers	<ul style="list-style-type: none"> <li>Maintaining business dealings with suppliers who meet high standards in areas such as ethical conducts and workplace standards</li> </ul>	Compliance with terms and conditions of purchasing policies and procedures, maintain ethical standards	Ongoing
Employees	<ul style="list-style-type: none"> <li>Providing a conducive environment for work and implement trainings for staff</li> <li>Implementing Safe Management Measures at workplace, e.g. providing masks, sanitisers and UV-C disinfectant lights, arranging split team working schedule, etc.</li> </ul>	Staff rights and welfare, personal development, good working environment	Ongoing
Shareholders	<ul style="list-style-type: none"> <li>Releasing unaudited financial statements on a half-yearly basis, and corporate announcements on a timely basis</li> </ul>	Profitability, transparency, timely reporting, fair purchasing practices and matters requiring disclosure to shareholders	Half-yearly Or As per SGX Guideline
Financial Institutions	<ul style="list-style-type: none"> <li>Maintaining good relationships with bankers</li> </ul>	Transparency, timely reporting	Ongoing
Business Partners	<ul style="list-style-type: none"> <li>Holding digital events such as Swiss Event, collaborated with business partners to showcase evolution of time, history of watchmaking</li> </ul>	Partnership for opportunities and growth	Ongoing
Government and Regulators	<ul style="list-style-type: none"> <li>Maintaining good working relationship with regulators and disclose pertinent information timely</li> </ul>	Environmental-friendly business approach, compliance with regulations, timely reporting and resolution of issues	Ongoing

## MATERIALITY ASSESSMENT

Cortina has undertaken a comprehensive process to identify, prioritise and validate the environmental, social, governance and economic issues that are related to our Group. Our aim is to manage and prioritise significant sustainability impact, risks and opportunities and at the same time create long-term value for all our stakeholders. Through this process, we have assessed that the material matters reported in FY2020 remain relevant to our business in FY2021.

### Economic

- Economic Performance
- Anti-Corruption

### Social

- Employment
- Local Communities
- Customer Privacy

### Environmental

- Energy

We will continue to assess these material topics on regular basis to ensure their relevance and importance to our business.

## ECONOMIC PERFORMANCE

During FY2021, the Group's reported revenue of S\$436.7 million, 15.0% decrease from FY2020's revenue of S\$513.8 million. Net profit rose from S\$41.7 million in FY2020 to S\$42.8 million in FY2021, while gross profit margin rose to 29.1% in FY2021 from 27.2% in FY2020. The earning per share in FY2021 was reported 23.9 cents, compared to FY2020 23.7 cents. We target to attain sustainable economic growth annually.

### FY2021 Revenue

**S\$436.7m**

S\$513.8m in FY2020

### FY2021 Net Profit

**S\$42.8m**

S\$41.7m in FY2020

### FY2021 Earnings per share

**23.9 cents**

23.7 cents in FY2020

### FY 2021 Gross Profit Margin

**29.1%**

27.2% in FY2020

Further details on our economic value can be found throughout the Group's Annual Report 2021.

## ANTI-CORRUPTION

Our Group upholds a strict policy against dishonest and corrupt practices and ensures that all business functions are aware of the code of conduct and ethical business practices. When it comes to business ethics, we hold ourselves to the highest standards and maintain a strong stance against bribery and corruption. We are committed to conducting business in accordance with all applicable laws, rules, regulations in jurisdictions in which we operate. At Cortina Watch, we do not tolerate corruption in any form.

The Group has put in place a whistle-blowing policy which was approved by the Board. The policy is in line with the commitment to the highest standards of corporate governance and professionalism and provides a mechanism for internal and external stakeholders to report any malpractices and any possible irregularities within the Group. The Group's Audit Committee ("AC") oversees the administration of the framework and ensures that whistle-blowing procedures are in place. The Audit Committee has the authority to conduct independent investigations into any complaints and for the necessary follow up actions to be taken on such a report. In the event of any incidence of unlawful, unethical or fraudulent behaviour, it shall be reported to the Executive Directors or Human Resource Department, and subsequently to the AC Chairman.

In addition, we have also circulated our internal policies, procedures and controls ("IPPC") for anti-corruption and anti-money laundering measures to all employees for adherence. Our outlet staffs are required to fill in a form in the event if they are unsure about the situation or they may have any other enquiries. Throughout the year, we have seen our employees following the IPPC.

With our efforts in maintaining good corporate governance practices within the Group, we are proud to announce that there were no reported incidents of unethical behaviour in marketing and no instances of bribery during the reporting period. Moving forward, we will continue to maintain zero incidents of unethical behaviour in marketing and corruption.



# SUSTAINABILITY REPORT

## OUR GREEN FOOTPRINT

The Group is aware of our responsibility towards the environment. As a stakeholder in the environment we operate in, we endeavour to maximise our energy conservation efforts to minimise our ecological footprint and to ensure the resources are consumed on the need-to and optimised basis. As such, we have undertaken methods to improve energy efficiency by implementing the following initiatives within the Group:

Despite our direct ecological footprint being relatively small, we are committed to do our part to mitigate climate change and conserve resources. We believe by investing our time and effort towards energy efficiency, we could help protect the environment and at the same time lower our operating costs. Moving forward, we will continue to promote our energy conservation initiatives to cultivate good energy-saving practices across our organisation as well as start to monitor and perform an analysis on our electricity consumption.



Using LED lights in our administrative office and retail boutiques, including window display showcase.



Constantly reminding employees to switch off lights in unoccupied spaces.



Setting our computers to screen saver mode.

## EMPLOYMENT

Cortina values the importance of our employees to ensure the sustainability of our business in the long term. We believe that every employee plays an important role in our Company. We have taken initiatives in enhancing our culture and putting in place ethical labour practices, appreciating and rewarding our employees' contribution to the Group as well as presenting a fair, conducive and positive work environment. We recognise the value of a diverse workforce in providing different perspectives and fosters innovative thinking. In addition, we employ people who have the necessary skills and experience to fit in their relevant roles irrespective of their backgrounds, ethnics, age groups, and genders.

To promote transparency and fairness in recruiting talents and managing the employees' career development, the Group has established an employment policy which serves as a guideline for recruitment and talent development. We strive to hire and retain talents who will enable us to maintain our competitive edge and expand in the market. We also attract talents with competitive and equitable remuneration, staff benefit and welfare, as well as the opportunity to grow and develop. Moreover, we prioritise our employees' health and safety above all. To protect our employees'

well-being during the COVID-19 pandemic, the Group has taken prompt measures that are aligned with the Government and Ministry of Health's advisories to minimise the risk of infection. We have also implemented COVID-19 safety measures such as temperature screening, social distancing and other health and safety measures as prescribed by the authorities at our workplace and outlets.

Our employment policy is periodically reviewed by our senior management to ensure that it remains relevant to our business practices. We also ensure that our employment practices adhere to the relevant laws and regulations within the jurisdictions of countries we operate in, in terms of recruitment, remuneration and employee benefits.

The Group recognises the importance of cultivating our employees to ensure our business success. We constantly provide training programmes resources opportunities for our people to ensure that our people are equipped with the skills and knowledge to remain relevant in the industry. Due to the COVID-19 pandemic, we encourage our employees to work from home and we take this opportunity to arrange our employees to attend courses such as sales technique, customer service, service excellence,

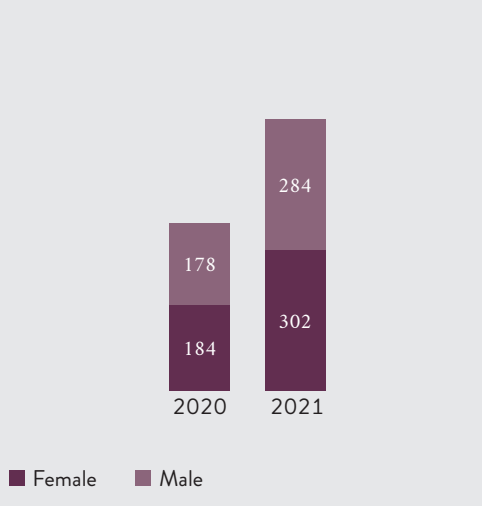
and communication with subordinates. Our 418 selected employees from office and boutique staffs have successfully clocked an average of 14 hours in training and development.

Our employees are treated equally and provided with equal opportunities to grow and develop. The Group has adopted a performance-based reward system whereby our employees are being evaluated annually on their performance. Rewards such as increment, promotion and bonus are given to them based on their performance. Our employees' career goals are also well taken care of by the Group.

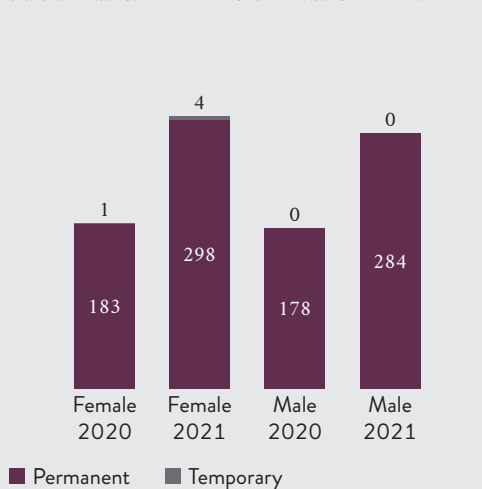
As at 31 March 2021, Cortina had a total number of 586 employees. Of which, 302 were female and 284 were male. With the acquisition of Sincere Watch, we have expanded our total headcounts by 163% from FY2020 to FY2021. At Cortina, we promote gender equality in workplace. This is evident by the proportion of female over male employees holding a position of management and above was 52% and 48% respectively. Our employee turnover rate for FY2021 remained at 15% (FY2020 : 15%) and we will continue to retain our employees and possibly to reduce the employee turnover rate.

The charts below depicts the statistical snapshot of total employees in Cortina:

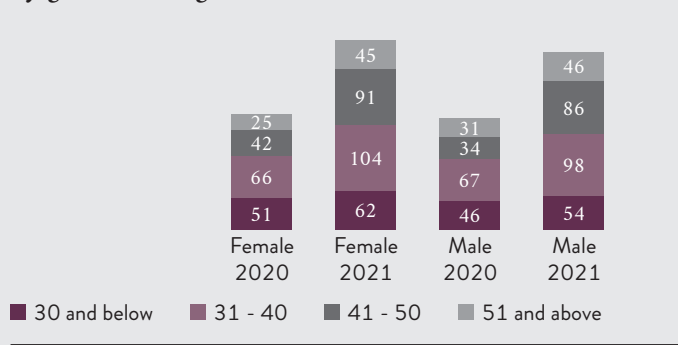
**By gender as at 31 March 2020 vs 31 March 2021**



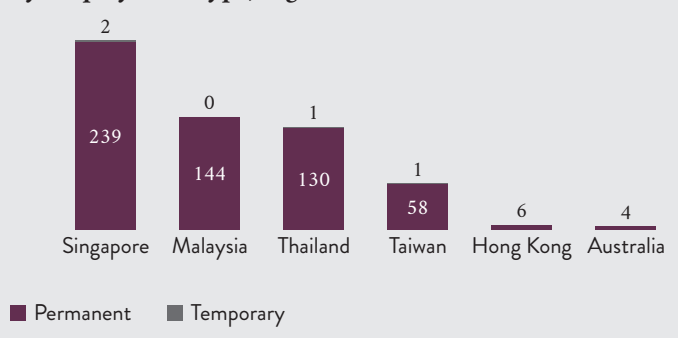
**By employment type as at 31 March 2020 vs 31 March 2021**



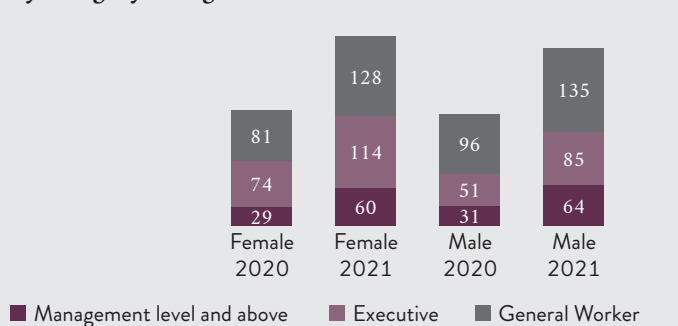
**By gender and age as at 31 March 2020 vs 31 March 2021**



**By employment type, region as at 31 March 2021**



**By category and gender as at 31 March 2020 vs 31 March 2021**



# SUSTAINABILITY REPORT

## ENGAGING OUR COMMUNITIES

We believe that by creating value and bringing positive contributions to the community embodies our commitment to social responsibility. We remain committed to giving back to the community through our philanthropic efforts in supporting healthcare, education, arts and culture even during an unprecedented year marked by the COVID-19 pandemic.

We strive to be responsive to the needs of different local communities, to create shared value for all, and help our local communities grow sustainably. In FY2021, we have made donations to 7 organisations and foundations, including Breast Cancer Foundation, community clubs, and various associations.

We strongly encourage our employees to play their part by sharing and participating in volunteer activities or programmes outside our initiatives. Moving forward, we will continue to serve the needs of the community from various segments and will continue to promote a culture of employee volunteerism.

## CUSTOMER PRIVACY

We are committed to protect the privacy and security of the personal data of our customers, employees and other stakeholders. We ensure that the information provided is always kept secured. In order to build our customers, employees and other stakeholders' confidence towards us and to better serve them, we collect their personal data in accordance with the Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore ("PDPA") as well as the General Data Protection Regulation ("GDPR") (EU) 2016/679 for customers residing in jurisdictions outside Singapore, such as the United Kingdom or European countries.

In addition, to further boost their confidence, we have also established the Privacy Policy, which defines our internal policies and procedures on personal data handling and processing. The policy serves as a guideline and represents our promise to better protect and manage our customers' personal data in a responsible manner. The Privacy Policy is made available to the public through Cortina Watch's website at <https://www.cortinawatch.com/en/privacy-policy/>.

With our stringent measures put in place, we are proud to announce that there were no reported instances of breaches of customer privacy and leakage or loss of personal data during the reporting period.

Moving forward, we will continue to review our Privacy Policy on a periodic basis to ensure it is always up to the current practice and relevant laws and regulations. We will also continue putting our effort and commitment towards protecting our customer personal data with zero reported incidents relating to breaches of customer privacy.



## GRI CONTENT INDEX

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
<b>GENERAL DISCLOSURE</b>	
<b>Organizational Profile</b>	
102-1 Name of the organisation	26
102-2 Activities, brands, products, and services	28
102-3 Location of headquarters	28
102-4 Location of operations	28
102-5 Ownership and legal form	28
102-6 Markets served	28
102-7 Scale of the organisation	28
102-8 Information on employees and other workers	32-33
102-9 Supply chain	29
102-10 Significant changes to the organisation and its supply chain	29
102-11 Precautionary principle or approach	27
102-12 External initiatives	34
102-13 Membership of associations	28
<b>Strategy</b>	
102-14 Statement from senior decision maker	26
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behaviour	28
<b>Governance</b>	
102-18 Governance structure	29
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	
102-41 Collective bargaining agreements	
102-42 Identifying and selecting stakeholders	30
102-43 Approach to stakeholder engagement	
102-44 Key topics and concerns raised	
<b>Reporting Practice</b>	
102-45 Entities included in the consolidated financial statements	26
102-46 Defining report content and topic boundaries	27
102-47 List of material topics	31
102-48 Restatements of information	27
102-49 Changes in reporting	27
102-50 Reporting period	27
102-51 Date of most recent report	11 August 2020
102-52 Reporting cycle	27
102-53 Contact point for questions regarding the report	27
102-54 Claims of reporting in accordance with the GRI Standards	27
102-55 GRI content index	35-36
102-56 External assurance	27

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
<b>MATERIAL TOPICS</b>	
<b>GRI 201: Economic Performance</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
201-1 Direct Economic value generated and distributed	31
201-2 Financial implications and other risk and opportunities due to climate change	
201-3 Defined benefit plan obligations and other retirement plans	
201-4 Financial assistance received from government	
<b>GRI 205: Anti-Corruption</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	
103-3 Evaluation of the management approach	31
205-1 Operations assessed for risks related to corruption	
205-2 Communication and training about anti-corruption policies and procedures	
205-3 Confirmed incidents of corruption and actions taken	
<b>GRI 302: Energy</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
302-1 Energy consumption within the organization	32
302-2 Energy consumption outside of the organization	
302-3 Energy intensity	
302-4 Reduction of energy consumption	
302-5 Reductions in energy requirements of products and services	
<b>GRI 401: Employment</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	
103-3 Evaluation of the management approach	32-33
401-1 New employee hires and employee turnover	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3 Parental leave	
<b>GRI 413: Local Communities</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	
103-3 Evaluation of the management approach	34
413-1 Operations with local community engagement, impact assessments, and development programs	
413-2 Operations with significant actual and potential negative impacts on local communities	
<b>GRI 418: Customer Privacy</b>	
103-1 Explanation of the material topic and its boundaries	
103-2 The management approach and its components	34
103-3 Evaluation of the management approach	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

# CORPORATE GOVERNANCE REPORT

Cortina Holdings Limited (“CHL”) is committed to ensuring high standards of corporate governance and this report outlines CHL’s corporate governance practices with reference to the principles and guidelines of the Singapore Code of Corporate Governance 2018 (the “Code”). CHL has complied in all material aspects with the principles and guidelines of the Code, and where there are deviations from the Code, appropriate explanations are provided.

## BOARD MATTERS

### Board’s Conduct of its Affairs

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the company.**

#### Provision 1.1

##### Board’s Role

The Directors are fiduciaries who act objectively in the best interests of CHL and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within CHL. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The role of the Board is to:

- (a) provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for CHL to meet its goals and objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
- (c) monitor Management performance;
- (d) instil an ethical corporate culture and ensure that CHL’s values, standards, policies and practices are consistent with the culture; and
- (e) ensure transparency and accountability to key stakeholder group.

The Board also considers sustainability issues of its business strategy. In accordance with the listing requirements, CHL has included its sustainability report as part of this annual report, and also made it available on SGXNET and CHL’s website at [www.cortina.com.sg](http://www.cortina.com.sg).

#### Provision 1.2

##### Directors’ Duties and Responsibilities

Directors are required to understand CHL’s business as well as their directorship duties (including their roles as executive, non-executive and independent directors).



# CORPORATE GOVERNANCE REPORT

## *Compliance with Listing Requirements*

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited (“SGX-ST”). The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Rules of SGX-ST (“Listing Rules”) undertaking to use their best endeavours to comply with the Listing Rules and to procure that CHL shall so comply. A similar undertaking has been executed by the Chief Financial Officer in his capacity as Executive Officer.

The Board ensures timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Rules Manual of the of SGX-ST.

CHL has in place a process of induction, training and development for both new and existing Directors.

## *Orientation, briefings, updates and trainings provided for Directors*

CHL has in place an orientation process. A new incoming independent director will be issued a formal letter of appointment setting out his duties and obligations.

Incoming directors joining the Board will be briefed by the NC on their directors’ duties and obligations and will be introduced to the Group’s business and governance practice, in particular CHL’s policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving CHL, prohibition on dealings in CHL’s securities and restrictions on the disclosure of price-sensitive information.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself with their roles, organization structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

If the new director is a first-time director of a listed company, he must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

The Directors are continually and regularly updated on the Group’s business and governance practices, changes to the accounting standards and regulatory updates, the Code of Corporate Governance and Listing Manual by the Company Secretary and the auditors. The Directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive updates and training from SID. Briefings and updates provided for directors in FY2021 included the following:

- At every AC meeting, the external auditors briefed the AC members on developments in accounting and auditing standards whenever there are changes or there is a need to update such standards;
- The Board was briefed on the compliance with SGX Listing Rules and 2018 Code of Corporate Governance by the Company Secretary;
- The CEO updated the Board at each meeting on business and strategic developments;
- The Directors also attended briefings, courses and seminars where appropriate to update themselves on the latest developments in the areas of financial reporting, corporate governance and any other areas relevant to directors; and
- Apart from discussion at Board meetings, the Directors were also provided with timely updates on developments within the Group on a regular basis, mainly through emails. Two-way communication between the Directors and the management was maintained throughout the year.

**Provision 1.3**  
**Matters Requiring Board Approval**

The Board has adopted internal guidelines governing matters that require the Board’s approval. Matters specifically reserved for the Board’s decision are:

- (a) matters involving a conflict of interest for a substantial shareholder or a director;
- (b) strategic policies of the Group;
- (c) annual budgets;
- (d) public release of periodic financial results;
- (e) material acquisitions and disposal of assets;
- (f) corporate or financial restructuring;
- (g) share issuances, interim dividends and other returns to shareholders; and
- (h) any investment or expenditure not in the ordinary course of business and where the transactions fall within Rule 1004 (b) to (d) of the Listing Manual.

**Provision 1.4**  
**Delegation of Authority to Board Committees**

The Board has formed Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The segments of this report under Principles 4 to 10 detail the activities of the NC, RC and AC respectively.

The current members of the Board and their membership on the Board Committees are as follows:

Name of director	Board appointments		Board Committees		
	Executive Director	Independent Director	AC	NC	RC
Lim Keen Ban	*		-	-	-
Lim Jit Ming	*		-	-	-
Yu Chuen Tek, Victor	*		-	Member	-
Lim Jit Yaw	*		-	-	-
Chin Sek Peng, Michael		*	Chairman	Member	-
Lau Ping Sum, Pearce <sup>1</sup>		*	Member	Member	Chairman
Chuang Keng Chiew <sup>1</sup>		*	Member	Chairman	Member
Foo See Jin		*	-	-	Member

<sup>1</sup> W.e.f 1 July 2021, Mr Lau Ping Sum Pearce stepped down as Chairman of NC and passed the chair to Mr Chuang Keng Chiew.

# CORPORATE GOVERNANCE REPORT

## Provision 1.5

### Meetings of Board and Board Committees

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 March 2021:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	3	1	1
Name of Directors	Number of meetings attended			
Lim Keen Ban	4	N.A.	N.A.	N.A.
Lim Jit Ming	4	1*	N.A.	N.A.
Yu Chuen Tek, Victor	4	N.A.	1	N.A.
Lim Jit Yaw	4	2*	N.A.	N.A.
Chin Sek Peng, Michael	4	3	1	N.A.
Lau Ping Sum, Pearce	4	3	1	1
Chuang Keng Chiew	4	3	1	1
Foo See Jin	4	N.A.	N.A.	1
Long Foo Pieng <sup>1</sup>	4	N.A.	N.A.	N.A.

<sup>1</sup> Mr Long Foo Pieng resigned as Independent Director effective from 1 July 2021.

\* Attended meeting as invitee.

N.A. – Not applicable when the Director is not a member of the Board Committee.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. It takes into account the contributions by board members in other forms including periodic review, provision of guidance and advice on various matters relating to the Group. The Board also considers other listed board representations held by the Directors and ensures that Directors give sufficient time and attention to the affairs of the Group.

## Provision 1.6

### Board's Access to Information

All Directors are from time to time furnished with information concerning CHL to enable them to be fully cognizant of the decisions and actions of the Management. The Management provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors before each Board and Board Committee meeting. The Board has unrestricted access to CHL's records and information.

As and when required, senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at board meetings, or by external consultants engaged on specific projects.

### **Provision 1.7**

#### **Board's Access to Management, Company Secretary and External Advisers**

The Board has separate and independent access to the Company Secretary and to other senior management executives of CHL and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Committees of CHL and ensures that relevant board and board committee procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Each Director has the right to seek independent legal and other professional advices, at CHL's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

## **BOARD COMPOSITION AND GUIDANCE**

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

### **Provision 2.1**

#### **Independent Directors**

At the date of this report, the Board consists of eight Directors, four of whom are Executive Directors and four are independent Directors, one of them being the Lead Independent Director.

The criterion for independence is based on the definition given in the Code and in the Listing Rules. The Code has defined an "independent" director as one who is independent in conduct, character and judgement and has no relationship with CHL, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of CHL. Under the Listing Rules, an independent director is not one who is or has been employed by CHL or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by CHL or any of its related corporations and whose remuneration is determined by the RC.

The independence of each Independent Director is reviewed annually by the NC, based on the definition of independence as stated in the Code and the Listing Rules of SGX-ST.

For the purpose of determining Directors' independence, on an annual basis, every Director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the Executive Directors, all the other Directors on the Board are considered by the NC and the Board to be Independent Directors.



# CORPORATE GOVERNANCE REPORT

## *Review of Independence of Directors*

Under the Listing Rules of SGX-ST which take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for more than nine years. Independent Directors Mr Lau Ping Sum, Pearce, Mr Foo See Jin, Mr Chin Sek Peng Michael and Mr Long Foo Pieng (who resigned effective from 1 July 2021) have served the Board for more than nine years from the date of each of their first appointments.

The NC has implemented a framework for the rigorous review of the independence of Directors who have served for more than 9 years. Each of Mr Lau, Mr Foo, Mr Long and Mr Chin had completed a rigorous self-assessment form to confirm his independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous reviews, each Independent Director had confirmed that neither he nor any of his immediate family has any relationship or business dealings with a controlling shareholder, director or key management personnel or their associates that would give rise to a conflict of interest or impairment of the Independent Director's independence. In addition, each of the directors had been subjected to a peer review by the other directors who completed a peer assessment form which critically assessed the demonstration of his independence and objectivity in the interest of CHL and shareholders.

The NC and the Board had reviewed the rigorous self-assessment forms completed by the above Directors and the peer review forms which critically assessed each of the Directors' independence.

The NC and the Board are of the view that Mr Lau, Mr Foo, Mr Chin, and in the case of Mr Long up to the date he ceased as Independent Director on 1 July 2021, have maintained their objectivity and independence at all times in the discharge of each of their duties as Director of CHL. They have each continually engaged the management and Executive Directors in candid discussion and provide constructive and impartial guidance to ensure due governance processes were in place such as the setting of accounting policies, the use of management judgement and estimates in subjective areas of accounting, establishment of a risk management framework and the setting of remuneration of Executive Directors, key management personnel and people related to the CEO.

In addition, the NC and the Board had reviewed rigorously whether Mr Foo's independence would in any way be compromised by his 4.3% shareholding in CHL and long years of service on the Board. Mr Foo's shareholding was acquired a long time ago and that his shareholdings have been viewed by the Board as positive, demonstrating his commitment to the interest of CHL.

The NC and the Board had also reviewed rigorously whether Mr Long's independence would in any way be compromised by his 4.99% shareholding in CHL and long years of service on the Board. Mr Long's shareholding was acquired a long time ago and the NC and the Board have viewed it positively that his interest was aligned with that of CHL and all other shareholders.

Under Rule 210(5)(d)(iii) of the Listing Rules which will take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for an aggregate period of more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer and their associates.

Having considered that Mr Lau, Mr Foo and Mr Chin as independent, the Board has endorsed the NC's recommendation to seek shareholders' approval for them to continue as Independent Directors from 1 January 2022.

Mr Lau and Mr Chin as NC members did not participate in the NC's deliberations and they also did not participate in the Board's deliberations on their respective independence and their continuing as Independent Directors from 1 January 2022.

## **Provisions 2.2 and 2.3**

### **Composition of Independent Directors and Non-Executive Directors on the Board**

At the date of this report, the Board comprises 8 directors of which 4 are Executive Directors and 4 are Non-Executive and Independent Directors following the resignation of Mr Long as Independent Director effective from 1 July 2021.

In accordance with the requirement under the Listing Rules, the Independent Directors should make up at least one-third of the Board. The composition of the Board complies with this requirement.

Under Provision 2.2 of the Code, the independent directors should make up the majority of the Board where the Chairman is not independent. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. Prior to the cessation of Mr Long as Independent Director effective from 1 July 2021, the Board comprised 4 Executive Directors and 5 Non-Executive Independent Directors and its composition was in compliance with Provisions 2.2 and 2.3 of the Code. The Board intends to seek a new Independent Director to fill the vacancy left by Mr Long to ensure compliance with the Code.

## **Provision 2.4**

### **Size and Diversity of the Board**

The Board is of the view that the current Board size is appropriate taking into account the scope and nature of the business of the Group. The Board supports a diversity policy to ensure there is an appropriate balance of skills, knowledge and experience as well as gender representation within the Board. The current Board comprises persons whose diverse skills, experience and attributes provide for effective direction of the Group. The Board aims to have gender inclusivity as an important aspect for more constructive debate and depth to its decision making.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate size, mix of competencies and diversity for effective functioning and informed decision-making. For new appointments to the Board, the NC will consider each candidate's merits and suitability as well as how he or she can contribute to board diversity.

The profiles of the directors are disclosed in the "Board of Directors" section of this Annual Report.

## **Provision 2.5**

### **Role of Non-Executive Directors**

During FY2021, the Non-Executive Directors (who are all Independent Directors) constructively challenged and helped develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors and Executive Directors, as a full board.

During FY2021, the Non-Executive and Independent Directors, led by the Lead Independent Director, communicated among themselves without the presence of Management as and when the need arose. Where appropriate, the Lead Independent Director had provided feedback to the Board and/or Chairman as appropriate.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

### Provisions 3.1 and 3.2

#### Chairman and CEO

Mr Lim Keen Ban is the Executive Chairman of the Board and Mr Lim Jit Ming is the CEO of CHL. While the roles of Chairman and CEO are held by two closely related family members, the responsibilities of Chairman and of CEO are separate and distinct.

As the Chairman, Mr Lim Keen Ban's responsibilities include leading the Board in setting the agenda for board meetings and ensuring that adequate time is available for discussion of all agenda items in particular strategic issues and promote good governance.

As CEO, Mr Lim Jit Ming has executive responsibilities for executing the strategies set by the Board, and for the Group's performance.

In executing their roles and responsibilities, Mr Lim Keen Ban and Mr Lim Jit Ming consults with the Board, AC, NC and RC on major issues. Mr Chin Sek Peng, Michael has been CHL's Lead Independent Director since September 2007. Also, the Independent Directors make up more than half the Board up to 1 July 2021. With these, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in two closely-related individuals.

### Provision 3.3

#### Lead Independent Director

Mr Chin Sek Peng, Michael as Lead Independent Director is available as a channel of communication between shareholders and the Board or the Management.

The Independent Directors meet amongst themselves without the presence of the management and Executive Directors where necessary, and depending on the issues and follow-up actions identified, the Lead Independent Director will provide feedback to the Chairman after such meetings.

## BOARD MEMBERSHIP

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

### Provisions 4.1 and 4.2

#### Nominating Committee

CHL has established the NC which is guided by the Terms of Reference approved by the Board.

The NC comprises four members the majority of whom, including its Chairman, are independent Directors. The members of the NC are:

Mr Chuang Keng Chiew (Chairman with effect from 1 July 2021)	(Independent Director)
Mr Chin Sek Peng, Michael	(Lead Independent Director)
Mr Lau Ping Sum, Pearce (formerly Chairman up to 30 June 2021)	(Independent Director)
Mr Yu Chuen Tek, Victor	(Executive Director)

## **Guideline 4.2**

### **NC Responsibilities**

The NC functions under the Terms of Reference which sets out its responsibilities as follows:

- To review board succession plans for directors and key management personnel, in particular the Chairman and the CEO;
- To recommend to the Board, the appointments and re-appointments of directors;
- To ensure that independent directors meet SGX-ST's and the Code's guidelines and criteria;
- To ensure the effectiveness of the Board as a whole and the effectiveness and contribution of each director to the Board;
- To develop a process for evaluation of the performance of the Board, its committees and its directors, and undertake assessment of the effectiveness of the Board, Board Committees and Directors, including reviewing multiple board representations of directors where applicable;
- To review the training and professional development programmes for the Board; and
- To assess the independence of the Independent Directors.

### ***Succession planning***

The NC has in place a board succession plan for Directors, in particular, the Executive Chairman and CEO. The NC has reviewed contingency arrangements for any unexpected incapacitation of the CEO or any of the top management personnel and is satisfied that procedures are in place for smooth transition.

## **Provision 4.3**

### **Process for the Selection, Appointment and Re-appointment of New Directors**

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board. The NC may recommend the appointment of a new director to fill a casual vacancy in the Board.

CHL has in place policy and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include, among other things, the new director's ability to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of CHL and the depth and breadth he could bring to Board discussions.

New Directors will be appointed by way of a Board resolution after the NC makes the necessary recommendation to the Board.

Rule 720(5) of the Listing Manual of the SGX-ST requires all directors to be subject to re-nomination and re-appointment at least once every three years. Article 91 of CHL's Constitution (read with Rule 720(5) of the Listing Manual of the SGX-ST) requires one-third of the Board to retire from office at each annual general meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. They can be re-elected if eligible.

The NC has recommended to the Board the re-election of Mr Lim Jit Ming, Mr Yu Chuen Tek, Victor and Mr Lau Ping Sum Pearce who will retire by rotation pursuant to Article 91 of the Constitution of CHL at the forthcoming annual general meeting. Mr Lau and Mr Yu have abstained from the NC's deliberations on their respective re-election.

In accordance with the Listing Rules, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Lim Jit Ming, Mr Yu Chuen Tek, Victor and Mr Lau Ping Sum Pearce are provided under the "Board of Directors" section of this Annual Report.

## **Provision 4.4**

### **Determining Directors' Independence**

The NC had conducted an annual review of the independence of the Independent Directors as set out in Provision 2.1 above and had ascertained that they are independent.



# CORPORATE GOVERNANCE REPORT

## **Provision 4.5**

### **Directors' multiple board representations**

The NC decides if a Director is able to and has been adequately carrying out his or her duties as a director of CHL vis-à-vis his other listed company directorships and principal commitments.

The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including CHL. All the directors currently do not sit on the boards of more than six listed companies.

Details of the Directors' principal commitments and outside directorships are set out in the "Board of Directors' section of this Annual Report.

## **BOARD PERFORMANCE**

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

### **Provisions 5.1 and 5.2**

#### **Conduct of Board Performance**

The NC, as set out in the Terms of Reference, is responsible for reviewing and evaluating the Board's performance. The evaluations are based on certain objective performance criteria which are decided by the NC.

#### ***Performance Criteria for Board Evaluation***

The NC has with the Board's approval, implemented a process for assessing the effectiveness of the Board and the contribution by each individual director to the effectiveness of the Board on an annual basis.

The Board evaluation process involves having the Directors complete a performance evaluation form seeking their evaluation on various aspects of board performance, such as the Board's level of governance, effective delegation to the Board Committees, leadership and accountability. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and is also shared with the entire Board. The NC was also able to assess the Board Committees through their regular reports to the Board on their activities.

The NC had reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2021 and was of the view that the performances of the Board Committees and the Board had been satisfactory.

#### ***Evaluation of Individual Directors***

Each individual Director conducts a self-assessment of his own performance as a Director. The individual Directors' self-assessment forms are submitted to the NC for its evaluation.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of CHL. If the Directors sits on a Board Committee, the NC will review the Director's performance and contribution to the effectiveness of the Board Committee.

For FY2021, based on the assessment done on the contribution of individual directors, the NC was of the view that each Director had had allocated sufficient time and resources to the affairs of CHL and adequately carried out his duties as a Director and had contributed to the satisfactory performance of the Board and Board Committees.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration policies

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

#### Provisions 6.1 and 6.2

##### Remuneration Committee

The RC comprises three Directors, all of whom are independent. The members of the RC are:

Mr Lau Ping Sum, Pearce (Chairman)	(Independent Director)
Mr Chuang Keng Chiew	(Independent Director)
Mr Foo See Jin	(Independent Director)

The RC recommends to the Board a framework of remuneration for the directors and executive officers, and reviews the specific remuneration package for each executive director and the CEO. The RC recommends to the Board where appropriate the terms of renewal of service agreements for directors who entered into service agreement with CHL.

The RC functions under the Terms of Reference which sets out its responsibilities as follows:

- To recommend to the Board a framework for remuneration for the Executive Directors and key management personnel;
- To review the specific remuneration packages for each Executive Director and key management personnel;
- To recommend the compensation framework for Non-Executive Directors to the Board and review the appropriateness of the compensation for Non-Executive Directors for approval at the AGM;
- To review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
- To review the remuneration of employees who are immediate family members of a director, CEO or substantial shareholder to ensure that the remuneration of each of such employees is commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her; and
- To review and recommend the engagement of remuneration consultant on the request of management or as it deems appropriate for CHL.

#### Provision 6.3

##### Review of remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind, will be reviewed by the RC, including termination terms. Each RC member will abstain from voting on any resolution in respect of his remuneration.

Each of the Executive Directors and key management personnel has an employment contract with CHL which can be terminated by either party giving notice of resignation/termination. The RC has reviewed and concluded that the termination clauses are fair and reasonable and there are no onerous or over-generous removal clauses contained in the employment contract.

# CORPORATE GOVERNANCE REPORT

## **Provision 6.4**

### **Engagement of remuneration consultants**

The recommendations of the RC will be submitted to the Board for approval. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by CHL. For FY2021, there was no engagement of remuneration consultant.

## **LEVEL AND MIX OF REMUNERATION**

### **Disclosure on Remuneration**

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of CHL, taking into account the strategic objectives of CHL.**

## **Provision 7.1**

### **Remuneration of Executive Directors and Key Management Personnel**

Each Executive Director and key management personnel has a service agreement with CHL. 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.

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 and in comparable companies, the individual's level of responsibilities, CHL's relative performance and the performance of individual Directors. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interest with the long-term interest and risk policies of CHL and of the shareholders, and link rewards to corporate and individual performance.

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 to ensure that performance related remuneration is aligned with interests of CHL and its shareholders and promotes the long-term success of the Group.

Currently there is no contractual provision to allow CHL to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the issuer. The RC would review such contractual provision as and when necessary and would put forward to the Board.

## **Provision 7.2**

### **Remuneration of Non-Executive and Independent Directors**

For Independent Non-Executive Directors of CHL, the structure and level of directors' fees are tied to their respective roles and responsibilities on the Board and Board Committees. The directors' contributions and attendance at meetings are taken into consideration in determining the directors' fee structure.

## **Provision 7.3**

### **Appropriate remuneration to attract, retain and motivate Directors and key management personnel**

Currently, CHL has no long term incentive scheme. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being excessive.

## DISCLOSURE OF REMUNERATION

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

### Provisions 8.1 and 8.2

#### Remuneration Report

##### Remuneration of Directors and the CEO

A breakdown showing the level and mix of each director's remuneration for the financial year ended 31 March 2021 is as follows:

Remuneration Band and Name of Director	Fee %	Salary %	Bonus %	Other Benefits %
<b>3,750,000 to \$4,000,000</b>				
Lim Keen Ban (also CEO for FY2021)	2	12	85	1
<b>\$2,500,000 to \$2,750,000</b>				
Lim Jit Ming*	2	17	80	1
<b>\$2,250,000 to \$2,500,000</b>				
Yu Chuen Tek, Victor	2	19	77	2
<b>\$1,250,000 to \$1,500,000</b>				
Lim Jit Yaw*	3	25	70	2
<b>Below \$250,000</b>				
Chin Sek Peng, Michael	100	-	-	-
Lau Ping Sum, Pearce	100	-	-	-
Foo See Jin	100	-	-	-
Long Foo Pieng	100	-	-	-
Chuang Keng Chiew	100	-	-	-

\* Other benefits refer to benefits-in-kind such as car, club membership, etc. which are made available to directors, as appropriate.

# Mr Lim Jit Ming and Mr Lim Jit Yaw are the sons of Mr Lim Keen Ban, controlling shareholder and Executive Chairman.

The Board is of the view that it is in the best interests of CHL that specific details of the remuneration of each individual Director be kept confidential. The Board believes that the disclosure provided is in the interest of CHL as it would avoid a situation where the information might be exploited by the competitors, while allowing directors to maintain some degree of their personal confidentiality on remuneration matters.

While the exact remuneration of the Directors is not given, the level and mix of remuneration of the Directors in percentage terms within remuneration bands of S\$250,000 are provided. CHL believes that such disclosure, taking into account of the reasoning mentioned above, provides shareholders with an adequate appreciation of the remuneration packages of the Directors and is consistent with the intent of Principle 8 of the Code.



# CORPORATE GOVERNANCE REPORT

## Remuneration of Key Management Personnel

The remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2021 is as follows:

	Salary %	Bonus %	Other benefits* %	Total %
<b>S\$500,000 to S\$749,999</b>				
Tay Liam Khoon	42	56	2	100
Krist Chatikaratana	32	68	-	100
<b>S\$250,000 to S\$499,999</b>				
Lim Yin Chian <sup>#</sup>	62	31	7	100
Yuen King Yu Andrew	57	42	1	100
Cheah Yoke Kian Dorris	51	21	28	100
Tan Han Lim	48	32	20	100
<b>Below S\$250,000</b>				
Tshai Kin Chon Ivan	73	27	-	100

\* Other benefits refer to benefits-in-kind such as car, housing allowances, etc. which are made available to key management personnel, as appropriate.

# Ms Lim Yin Chian is the daughter of Mr Lim Keen Ban, substantial shareholder and Executive Chairman.

The aggregate of total remuneration paid or accrued to the key management personnel (who are not directors or the CEO) for FY2021 was S\$3,218,784.

## Immediate Family Member of Directors or the CEO

The following are employees who are immediate family members of Mr Lim Keen Ban, controlling shareholder and Executive Chairman. Their remuneration in bands of S\$100,000 during the financial year ended 31 March 2021 are shown below:

	Relationship to Mr Lim Keen Ban
<b>\$200,000 to \$299,999</b>	
Chia Nyok Song @ Cheah Yoke Heng	Spouse
Cheah Kok Chong	Brother-in-law
<b>\$100,000 to S\$199,999</b>	
Lim Hui Ying	Granddaughter
Lim Jun Shen, Jon	Grandson
<b>Below S\$100,000</b>	
Sim Kee Hoon	Sister-in-law
Lim Jun Kai	Grandson

## Provision 8.3

### Share Incentive Scheme

CHL does not have any share option or other share incentive schemes for its employees.

## ACCOUNTABILITY AND AUDIT

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

### **Provision 9.1**

#### **Risk Management and Internal Control Systems**

The Board determines the nature and extent of the significant risks which CHL is willing to take in achieving its strategic objectives and value creation.

The responsibility of overseeing CHL's risk management framework and policies is undertaken by the AC with the assistance of the internal auditor.

The AC reviews the effectiveness of the Group's material internal controls to address key financial, operational, information technology and compliance risks. In this respect, the AC reviews the audit plans, and the findings of the external and internal auditors and ensures that Management follows up on the auditors' recommendations raised during the audit processes. Additionally, the Board acknowledges that no cost effective internal control systems will preclude all errors and irregularities. An internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or losses.

The Management regularly reviews its business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks and will highlight any significant matters to the Board of Directors and the AC.

During the year, the AC had reviewed the effectiveness of the Group's risk management system and internal controls in light of key business and financial risks affecting the operations and submitted the report of its review to the Board.

The Group's financial risk management objectives and policies are discussed under Note 36 of the Financial Statements.

### **Provision 9.2**

#### **Assurances to the Board**

The Board has received assurance from the CEO and the Chief Financial Officer that:

- (a) the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective to address key financial, operational, compliance and information technology risks which CHL considers relevant and material to its current business environment.

The CEO and the Chief Financial Officer have obtained similar assurances from the General Manager and Head of Finance (or equivalent positions) of each operating Group entity.

# CORPORATE GOVERNANCE REPORT

## Guideline 11.3

### Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the risk management system and internal controls established and maintained by the Group, the assurance from the CEO and the Chief Financial Officer as described above and work performed by the external and internal auditors (“auditors”) and discussions with them, including the Management’s responses to the auditors’ recommendations for improvements to the Group’s internal controls, the Board with the concurrence of the AC is of the opinion that the Group’s risk management systems and internal controls of the Group are adequate and effective in addressing the key financial, operational, compliance and information technology risks which are significant as at the reporting date.

## AUDIT COMMITTEE

**Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.**

### Provisions 10.1 and 10.2

#### AC membership and responsibilities

The AC comprises the following members, all of whom including the Chairman is independent:

Mr Chin Sek Peng, Michael (Chairman)	(Lead Independent Director)
Mr Lau Ping Sum, Pearce	(Independent Director)
Mr Chuang Keng Chiew	(Independent Director)

The Chairman of the AC, Mr Chin Sek Peng, Michael, is a public accountant, a fellow practising member of the Institute of Singapore Chartered Accountants (“ISCA”), and a fellow member of the Institute of Chartered Accountants in England and Wales. He was formerly a council member of ISCA and the Chairman of the Public Accounting Practice Committee. Mr Lau Ping Sum has the requisite financial experience having previously chaired for more than 10 years the AC of another listed company. The AC benefits from Mr Chuang Keng Chiew’s legal experience as a lawyer in reviewing issues with a legal perspective. The AC is kept abreast by the Management, external and internal auditors on the changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group’s business and financial statements. The Board is satisfied that Mr Chin and Mr Lau have recent and relevant accounting or related financial management expertise or experience, facilitated by Mr Chuang’s legal expertise to discharge the AC’s functions.

The AC is guided by the following Terms of Reference, which include the following:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of CHL and any announcements relating to CHL's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of CHL's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements and the assurance from the Managing Director and the management personnel responsible on the adequacy and effectiveness of internal controls and risk management systems;
- (d) reviewing the findings relating to auditing matters as presented by the external and internal auditors including any other matters which the external and internal auditors wish to discuss with the AC in the absence of Management;
- (e) reviewing findings of any internal investigations and Management's response;
- (f) reviewing the independence, effectiveness and adequacy of the result of the external audit and of the internal audit function;
- (g) recommending to the Board on the appointment, re-appointment and removal of the external auditors;
- (h) reviewing interested person transactions and potential conflicts of interest situations that may arise including any transactions, procedures or courses of action that raise questions about Management's integrity; and
- (i) reviewing complaints that may raise concerns about possible improprieties or irregularities that require the AC to review and if required, investigate with the support of external professional service firms.

In addition, the AC had presented a report to the Board in respect of:

- (i) the adequacy of the Group's internal accounting control system and its internal control procedures as reported by the external and internal auditors to the AC;
- (ii) compliance with legal and other regulatory requirements; and
- (iii) any other matters which, in the AC's opinion, should be brought to the attention of the Board.



# CORPORATE GOVERNANCE REPORT

## Commentary on key audit matters set out in the Independent External Auditor's Report (to update)

The AC noted the two key audit matters raised by the external auditor in its audit report to the members of Cortina Holdings Limited. Key audit matters are those matters that, in the external auditor's professional judgement, were of most significance in their audit of the financial statements of the current reporting year. Below sets out the AC's comments to the key audit matters.

Key audit matters involving significant judgement and estimates	Matters considered	Conclusion by AC
1. Net realisable value of inventories	<p>In the Group's statement of financial position, gross inventories net of obsolescence provision amounted to S\$214 million at 31 March 2021 (2020: S\$163 million) and this accounted for approximately 43% of total assets of the Group at reporting date. The Group's inventories comprised luxury timepieces, branded pens and accessories that are of different brands and ages.</p> <p>The Singapore accounting standard requires inventories to be stated at the lower of cost and net realisable value ("NRV"). NRV can be lower than cost due to a variety of reasons such as (i) decline in demand, (ii) physical damage to the goods or (iii) obsolescence due to old age. All these reasons may result in the inventory being sold at below cost. When NRV is lower than cost, the inventory would need to be reduced by an allowance for obsolete inventories. The lower of cost and NRV is consistent with the principle of asset impairment which requires assets not to be reported in the statement of financial position in excess of the amounts to be recovered.</p> <p>As the monetary value of inventories in the Group's statement of financial position is highly significant, assessing the amount of allowances to be made for the Group's inventories is a key audit matter given that such inventory provision requires management to make significant judgement and estimates based on factors such as historical allowance experience, future demand and future selling prices and ageing analysis of the inventories.</p> <p>Management has in prior years established a provisioning policy that is prudent which management has applied consistently based on the principle that the older the watch, the higher the provision given that the risk of a watch being sold lower than cost is higher. The external auditor has reviewed the provisioning policy and carried out the audit procedures as stated in the external auditor's report. No adverse findings were reported to the AC by the external auditor on this matter. At 31 March 2021, the inventory obsolescence provision amounted to approximately \$13.6 million compared to prior year of \$16.3 million. This is disclosed in Note 22 to the financial statements.</p>	<p>Based on discussions with management and the external auditor's findings as well as review of the aging of the watches including the provisioning policy, the AC is satisfied that inventories are stated at the lower of cost and net realisable value.</p>

**Key audit matters involving significant judgement and estimates**

Matters considered	Conclusion by AC
<p>2. Business Combination – Purchase Price Allocation (“PPA”)</p> <p>On 16 March 2021, the Group completed the acquisition of Sincere Watch Limited and its subsidiaries for a purchase consideration of \$84.7 million. The Group performed a provisional purchase price allocation (PPA) exercise for the acquisition, where the purchase consideration was allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of provisional goodwill of \$952,000.</p> <p>There are judgement and estimates used in determining the provisional allocation of the purchase price to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed. Management engaged an external valuation expert to assist them with the PPA exercise for the acquisition of Sincere Watch Limited and its subsidiaries. As at the date of this report, the PPA exercise has not been finalised.</p>	<p>Based on discussion with management and the external auditor, and review of the relevant documents, the AC is satisfied with the provisional allocation of the purchase consideration to the fair value of identifiable assets acquired and liabilities assumed at date of acquisition giving rise to a provisional goodwill of \$952,000. The AC advised that these provisional fair values may be adjusted retrospectively upon finalisation of the actual fair values by the external valuation expert engaged by management, if the actual fair values are materially different from the provisional fair values.</p>

**Authority of AC**

The AC has the power to conduct or authorise investigations into any matters within the AC’s scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by CHL. Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

**Independence of External Auditor**

The Company confirms compliance with Rules 712, 715 and 716 of the Listing Manual. RSM Chio Lim LLP is the external auditor of CHL and its Singapore subsidiaries and is registered with the Accounting and Corporate Regulatory Authority. The names of the auditors of CHL’s subsidiaries and its associated companies are disclosed in Note 18 of the financial statements. The Board and the AC 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.

The AC has reviewed the non-audit services rendered to the Group by the external auditor. During the year, the fees paid to the external auditor of CHL for non-audit services amounted to \$24,000 or 11% of the total fees. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC had reviewed the results of the external audit with the external auditor and is satisfied with the adequacy and effectiveness of the audit. The AC recommended their re-appointment to the Board.

**Whistle-blowing Policy**

CHL has in place a whistle-blowing framework to deal with staff concerns about improprieties. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

The staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties on matters of financial reporting or other matters to the Executive Directors or the Human Resource Department, for onward forwarding to the AC Chairman. CHL also makes known to such complainants that they may, if they so wish, make direct reports to the AC. The written and circulated whistle-blowing policy and procedures also sets out the procedures for raising concern or making complaints, and the process of investigation. Such concerns raised are independently investigated and appropriate follow-up action taken.

# CORPORATE GOVERNANCE REPORT

CHL will treat all information received as confidential and protect the identity and interest of all whistleblowers. Following investigation and evaluation of a complaint the AC will decide whether the matter needs further follow up and appropriate action to be taken. If the AC decides not to proceed with the investigation, the decision must be explained as fully as possible to the person who raised the concern. The action determined by the AC will then be brought to the Board or to appropriate members of senior management, for improvements or remedial actions, as appropriate.

The whistle-blowing policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

## **Provision 10.3**

### **Restriction on AC membership**

No former partner or Director of CHL's existing auditing firm or auditing corporation is a member of the AC.

## **Provision 10.4**

### **Internal Audit Function**

CHL has engaged One e-Risk Services Pte Ltd as its internal auditor.

The Internal Auditor reports directly to the AC. The AC ensures that the internal audit function has appropriate standing with the management and staff and has unfettered access to the AC and all CHL's documents, records, properties and personnel. The AC has assurance from the Internal Auditor that it has the capacity and resources for the internal audit function to be adequately resourced.

The AC is satisfied that the Internal Auditor is a suitable professional service firm to meet CHL's internal audit obligations, with adequate resources and the assigned engagement team to CHL's internal audit has the number and experience of supervisory and professional staff. The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The primary functions of Internal Audit are:

- (a) To assess if adequate systems of internal controls are in place to safeguard the funds and assets of the Group, and to ensure that control procedures are complied with;
- (b) To assess if the business processes under review are conducted efficiently and effectively; and
- (c) To identify and recommend improvement to internal control procedures, where required.

### ***Adequacy and Effectiveness of Internal Audit Function***

The AC reviews the audit plans of the Internal Auditor, ensures that adequate resources are directed to carry out those plans, and reviews the results of the Internal Auditor's examination of CHL's system of internal controls. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

## **Provision 10.5**

### **Meeting with External and Internal Auditors without Presence of Management**

During the year, the AC met with both the external and internal auditors without the presence of the Management. These meetings enable the external auditors and internal auditors to raise any significant issues encountered in the course of their work directly with the AC.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

#### **Provision 11.1**

##### **Shareholders' participation and vote at general meetings**

Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the annual general meeting, shareholders are given the opportunity to express their views and ask the Board and Management questions regarding the operations of CHL. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by CHL on the poll voting procedures at general meetings. An independent scrutineer firm was present to validate the votes at the last AGM. The results of the electronic poll voting on each resolution tabled at the last AGM, including the total number of votes cast for or against each resolution, were also announced after the said meeting via SGXNet.

Due to the COVID-19 situation, the AGM in 2020 was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders could not attend the meeting in person and alternative arrangement was made for them to attend virtually via live audio-visual webcast or live audio only stream. Shareholders were allowed to vote by submitting proxy forms appointing Chairman of the meeting as their proxy. Shareholders were requested to submit their questions ahead of the meetings. Questions raised by the shareholders were addressed ahead of the meetings and published on CHL's corporate website and on SGXNET. In view of the continuing COVID-19 situation, CHL will conduct the forthcoming annual general meeting in similar manner.

#### **Provision 11.2**

##### **Separate resolutions at general meetings**

CHL will have separate resolutions at general meetings on each distinct issue. For resolutions that are special business, explanations are given in the accompanying notes to the Notice of the AGM. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given under the "Board of Directors" section of this Annual Report.

#### **Provision 11.3**

##### **Attendance of Directors and auditors at general meetings**

The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders. In 2020, CHL held one general meeting which was attended by all the Directors and the auditors.

#### **Provision 11.4**

##### **Absentia voting**

CHL's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. A shareholder who is absent from a general meeting can exercise his vote in absence through his proxy or proxies. The Companies Act allows relevant intermediaries who include CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of CHL as their CPF agent banks' proxies.



# CORPORATE GOVERNANCE REPORT

## **Provision 11.5**

### **Minutes of general meetings**

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management. The minutes will be taken and published in CHL's corporate website at [www.cortina.com.sg](http://www.cortina.com.sg).

## **Provision 11.6**

### **Dividend Policy**

CHL does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend. The details of dividend payment, if any, would be disclosed via the release of the announcements through SGXNET.

## **ENGAGEMENT WITH SHAREHOLDERS**

**Principle 12: CHL communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters.**

## **Provision 12.1**

### **Communication between the Board and shareholders**

In line with continuous obligations of CHL pursuant to the Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

- (a) SGXNET announcements and news release;
- (b) Annual Report prepared and issued to all shareholders;
- (c) Press releases on major developments of the Group;
- (d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings ("EGM"); and
- (e) Company's website at [www.cortina.com.sg](http://www.cortina.com.sg) where shareholders can access information on the Group.

CHL's general meetings are the principal forum for dialogue with shareholders, to gather their views or inputs, and address their concerns, if any. CHL will consider the use of other forums as and when applicable.

In accordance with the Listing Rules, CHL does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

## **Provisions 12.2 and 12.3**

### **Investor relations**

CHL strives to reach out to shareholders and investors via its online investor relations site within its corporate website at [www.cortina.com.sg](http://www.cortina.com.sg) where it updates shareholders and investors on the latest news and business developments of the Group.

The Company has posted the contact of the Lead Independent Director on its corporate website to facilitate shareholders and other stakeholders who wish to communicate with the Lead Independent Director.

## ENGAGEMENT WITH STAKEHOLDERS

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of CHL are served.**

### **Provisions 13.1 and 13.2**

#### **Engage with its material stakeholder groups**

The Group's material stakeholders are its shareholders, customers, business partners, employees, regulator and suppliers. CHL seeks to create and maintain long standing relationship with all its stakeholders. Internal and external stakeholders' feedback, needs and concerns are actively sought through various communication channels established and set out in CHL's Sustainability Report for 2021 published in this Annual Report.

### **Provision 13.3**

#### **Corporate website to communicate and engage with stakeholders**

The Group maintains a corporate website at [www.cortina.com.sg](http://www.cortina.com.sg) at which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group. CHL has an online investor relations site within its corporate website as an outreach to shareholders and all other stakeholders.

## OTHER CORPORATE GOVERNANCE MATTERS

### **Dealing in Securities**

In line with Rule 1207(19) of the Listing Manual, CHL has in place a policy prohibiting dealings of CHL's securities by CHL and its Directors and officers on short-term considerations or if they are in possession of price sensitive information and during the period two weeks before the release of the quarterly results or one month prior to the announcement of CHL's half year and full-year results ("restricted dealing periods"). Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

CHL issues circulars to its directors and employees to remind them of the dealing prohibition before the commencement of each restricted dealing period.

CHL confirms it has complied with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted dealing periods.

### **Interested Persons Transactions**

There were no interested person transactions which require disclosure or shareholders' approval under SGX-ST rules regulating interested person transactions.

### **Material Contracts**

There was no material contract entered into by CHL or any of its subsidiary companies involving the interest of the CEO, any Director or controlling shareholder.

**FINANCIAL  
CONTENTS**

- 61** Statement by Directors
- 65** Independent Auditor's Report
- 69** Consolidated Statement of Profit  
or Loss and Other Comprehensive  
Income
- 70** Statements of Financial Position
- 71** Statements of Changes in Equity
- 73** Consolidated Statement of Cash  
Flows
- 74** Notes to the Financial Statements
- 137** Shareholding Statistics
- 139** Notice of Annual General Meeting
- 145** Corporate Listings

# STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2021.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are drawn up so as to give a true and fair view of the financial position of the group and the company as at 31 March 2021 and, of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the reporting year then ended; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. DIRECTORS

The directors of the company in office at the date of this statement are:

Lim Keen Ban	(Executive Chairman)
Lim Jit Ming	(Group CEO)
Yu Chuen Tek	(Executive Director)
Lim Jit Yaw	(Executive Director)
Chin Sek Peng, Michael	(Lead Independent Director)
Lau Ping Sum, Pearce	(Independent Director)
Foo See Jin	(Independent Director)
Chuang Keng Chiew	(Independent Director)



## STATEMENT BY DIRECTORS

### 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of the directors		
	At		
	beginning of the reporting year	At end of the reporting year	As at 21 Apr 2021
<u>The company</u> <u>Cortina Holdings Limited</u>	<u>Number of ordinary shares of no par value</u>		
Yu Chuen Tek	8,835,015	8,835,015	8,835,015
Lau Ping Sum, Pearce	30,000	30,000	30,000
Foo See Jin	7,107,320	7,107,320	7,107,320
Long Foo Pieng (Resigned on 1 July 2021)	8,270,000	8,270,000	8,270,000
Chuang Keng Chiew	7,000	7,000	7,000

Name of directors and company in which interests are held	Shareholdings in which directors are deemed to have interest		
	At		
	beginning of the reporting year	At end of the reporting year	As at 21 Apr 2021
<u>The company</u> <u>Cortina Holdings Limited</u>	<u>Number of ordinary shares of no par value</u>		
Lim Keen Ban	70,068,425	70,070,425	70,861,425
Lim Jit Ming	52,657,490	52,657,490	52,657,490
Yu Chuen Tek	7,428,000	7,428,000	7,428,000
Lim Jit Yaw	70,068,425	70,070,425	70,861,425

At the beginning and end of the reporting year, Messrs Lim Keen Ban, Lim Jit Ming, and Lim Jit Yaw, who by virtue of their deemed interests of not less than 20% of the issued capital of the company, are deemed to have interests in the shares held by the company in all its subsidiaries.

## STATEMENT BY DIRECTORS

### 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

### 5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

### 6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed its willingness to accept re-appointment as the independent auditor of the company at the next annual general meeting of the company.

### 7. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Chin Sek Peng, Michael	(Chairman of audit committee and lead independent and non-executive director)
Chuang Keng Chiew	(Independent and non-executive director)
Lau Ping Sum, Pearce	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor and the internal auditor their respective audit plans;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the findings and recommendations arising from their review of the group's internal controls to address key financial, operational and compliance risks, and the assistance given by management to the internal auditor;
- Reviewed the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company prior to their submission to the directors of the company for adoption;
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

# STATEMENT BY DIRECTORS

## 7. REPORT OF AUDIT COMMITTEE (CONT'D)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence are safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

## 8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial results and information, as announced on 28 June 2021, which would materially affect the group's and company's operating and financial performance as of the date of this report.

On behalf of the directors

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Lim Jit Ming  
Director

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Yu Chuen Tek  
Director

29 July 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of Cortina Holdings Limited, (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Net realisable value of inventories

We refer to Note 2A and 2C of the financial statements for the relevant accounting policy and critical judgements, assumptions and estimation uncertainties and Note 22 on inventories for the reporting year end and to the section on the audit committee’s review and responses to the reported key audit matter in the annual report.

The group’s principal activities are in the retail and distribution of luxury timepieces and luxury accessories. The group holds inventories of \$214,439,000 (2020: \$143,335,000) as at the end of the reporting year. The cost of inventories may not be recoverable in full if those inventories are damaged, or if they become obsolete, or if their selling prices have declined.

The estimate of allowance for obsolete inventories is based on the age of these inventories, prevailing market conditions of the luxury timepieces and related products in the retail industry and historical allowance experience that require management’s judgement. Management applies judgement in determining the appropriate allowance for obsolete inventories based upon a detailed technical assessment of inventories concerned including considering the future demand and future selling prices for the products and ageing analysis of inventories. This methodology relies upon assumptions made in determining the appropriate allowance percentages for each category of inventories.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

## Net realisable value of inventories (cont'd)

Our procedures performed included the following:

- Reviewed the appropriateness of the policy for allowances for obsolete inventories adopted by management (taking into consideration the historical information and forward looking estimates, inventory ageing and management's technical assessment) and the group's adherence to it;
- Evaluated the appropriateness of the specific allowances for certain brands by reviewing the key assumptions adopted by the group's management and comparing utilisation rates to subsequent sales records;
- Evaluated the accuracy of the group's inventory ageing by verifying on a sample basis that inventory items were categorised appropriately in the relevant ageing band based on the purchase date of the inventories;
- Compared the net realisable value of a sample of inventories to subsequent selling prices;
- Reviewed the inventory turnover days and ageing of the inventories to assess if there were any significant build up of aged inventories; and
- Assessed the adequacy of disclosures made in the financial statements.

## Business combination

We refer to Notes 2A and 2C of the financial statements for the relevant accounting policy and critical judgements, assumptions and estimation uncertainties, Note 18 on investments in subsidiaries and Note 19 on acquisition of subsidiaries for the reporting year end and to the section on the audit committee's review and responses to the reported key audit matter in the annual report.

On 16 March 2021, the group completed the acquisition of Sincere Watch Limited and its subsidiaries for a purchase consideration of \$84,695,000. Management has performed a provisional purchase price allocation (PPA) exercise for the acquisition, where the purchase consideration was allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of provisional goodwill of \$952,000.

There are judgements and estimates used in determining the provisional allocation of the purchase price to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. Management has engaged an external valuation expert to assist them with the PPA exercise for the acquisition of Sincere Watch Limited and its subsidiaries as at the date of this report. The PPA exercise has not been finalised.

Our procedures included the following:

- Reviewed the sale and purchase agreement for ownership rights and control to ascertain the date of acquisition;
- Reviewed the reasonableness of the computations of the provisional fair values and the related allocation of the purchase price to the identifiable assets (including the provisional amounts for the intangibles) and liabilities assumed and the source information and basis used to determine these provisional amounts at acquisition date; and
- Considered the appropriateness of disclosures made in the financial statements.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

## Auditor's responsibilities for the audit of the financial statements (cont'd)

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current reporting year and are therefore considered as the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.

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**RSM Chio Lim LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

29 July 2021

Engagement partner - effective from year ended 31 March 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED 31 MARCH 2021**

	Notes	Group	
		2021 \$'000	2020 \$'000
<b>Revenue</b>	5	436,715	513,813
Interest income	6	419	921
Other income and gains	7	9,158	370
Changes in inventories of finished goods		71,104	(19,429)
Purchase of goods and consumables		(380,735)	(354,754)
Employee benefits expense	8	(33,068)	(34,661)
Rental expense	29	(2,594)	(3,670)
Depreciation expense	15,16	(4,738)	(5,404)
Depreciation of right-of-use-assets	17	(22,986)	(23,584)
Other expenses	9	(15,272)	(17,574)
Other losses	7	(1,892)	(760)
Finance costs	10	(1,714)	(2,200)
Share of (loss)/profit from equity-accounted associates	20	(54)	63
<b>Profit before tax</b>		54,343	53,131
Income tax expense	11	(11,526)	(11,450)
<b>Profit, net of tax</b>		42,817	41,681
Profit attributable to owners of the parent, net of tax		39,552	39,297
Profit attributable to non-controlling interests, net of tax		3,265	2,384
<b>Profit, net of tax</b>		42,817	41,681
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Earnings per share currency unit			
Basic and diluted	14	23.9	23.7
<b>Profit, net of tax</b>		42,817	41,681
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax		(2,293)	2,234
<b>Total comprehensive income for the year, net of tax</b>		40,524	43,915
Total comprehensive income attributable to owners of the parent		37,443	41,499
Total comprehensive income attributable to non-controlling interests		3,081	2,416
<b>Total comprehensive income</b>		40,524	43,915

The accompanying notes form an integral part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 31 MARCH 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	15	14,647	13,760	520	645
Investment property	16	4,174	4,262	4,174	4,262
Right-of-use assets	17	96,408	43,078	-	-
Investments in subsidiaries	18	-	-	141,487	56,792
Investments in associates	20	3,474	2,593	1,000	1,000
Goodwill	19	952	-	-	-
Deferred tax assets	11	3,425	1,245	-	-
Other assets	21	9,801	6,347	-	-
<b>Total non-current assets</b>		<b>132,881</b>	<b>71,285</b>	<b>147,181</b>	<b>62,699</b>
<b><u>Current assets</u></b>					
Inventories	22	214,439	143,335	-	-
Trade and other receivables	23	15,221	9,184	6,912	9,322
Other assets	24	3,725	1,406	23	24
Cash and cash equivalents	25	130,026	114,389	13,523	180
<b>Total current assets</b>		<b>363,411</b>	<b>268,314</b>	<b>20,458</b>	<b>9,526</b>
<b>Total assets</b>		<b>496,292</b>	<b>339,599</b>	<b>167,639</b>	<b>72,225</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity attributable to owners of the parent</u></b>					
Share capital	26	35,481	35,481	35,481	35,481
Other reserves	27	2,440	3,704	-	-
Retained earnings		220,529	192,585	40,165	27,417
<b>Equity, attributable to owners of the parent, total</b>		<b>258,450</b>	<b>231,770</b>	<b>75,646</b>	<b>62,898</b>
Non-controlling interests		11,262	9,821	-	-
<b>Total equity</b>		<b>269,712</b>	<b>241,591</b>	<b>75,646</b>	<b>62,898</b>
<b><u>Non-current liabilities</u></b>					
Provisions	28	5,579	2,330	-	-
Financial liabilities – lease liabilities	29	69,455	27,452	12	75
Other liabilities	32	2,213	700	-	-
<b>Total non-current liabilities</b>		<b>77,247</b>	<b>30,482</b>	<b>12</b>	<b>75</b>
<b><u>Current liabilities</u></b>					
Income tax payable		9,124	7,482	348	408
Financial liabilities – lease liabilities	29	28,840	17,576	64	96
Trade and other payables	31	61,607	27,547	91,569	8,748
Other financial liabilities	30	37,934	4,961	-	-
Other liabilities	32	11,828	9,960	-	-
<b>Total current liabilities</b>		<b>149,333</b>	<b>67,526</b>	<b>91,981</b>	<b>9,252</b>
<b>Total liabilities</b>		<b>226,580</b>	<b>98,008</b>	<b>91,993</b>	<b>9,327</b>
<b>Total equity and liabilities</b>		<b>496,292</b>	<b>339,599</b>	<b>167,639</b>	<b>72,225</b>

The accompanying notes form an integral part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2021**

	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000
<b>Group:</b>						
<b>Current year:</b>						
Opening balance at 1 April 2020	241,591	231,770	35,481	3,704	192,585	9,821
<b>Changes in equity:</b>						
Total comprehensive income for the year	40,524	37,443	-	(2,109)	39,552	3,081
Transferred to / (from) retained earnings	-	-	-	845	(845)	-
Dividends paid (Note 13)	(12,403)	(10,763)	-	-	(10,763)	(1,640)
<b>Closing balance at 31 March 2021</b>	<b>269,712</b>	<b>258,450</b>	<b>35,481</b>	<b>2,440</b>	<b>220,529</b>	<b>11,262</b>
<b>Previous year:</b>						
Opening balance at 1 April 2019	207,447	199,378	35,481	980	162,917	8,069
<b>Changes in equity:</b>						
Total comprehensive income for the year	43,915	41,499	-	2,202	39,297	2,416
Transferred to / (from) retained earnings	-	-	-	522	(522)	-
Dividends paid (Note 13)	(9,771)	(9,107)	-	-	(9,107)	(664)
<b>Closing balance at 31 March 2020</b>	<b>241,591</b>	<b>231,770</b>	<b>35,481</b>	<b>3,704</b>	<b>192,585</b>	<b>9,821</b>

The accompanying notes form an integral part of these financial statements.



**STATEMENTS OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2021**

	<b>Total Equity \$'000</b>	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>
<b>Company:</b>			
<b>Current year:</b>			
Opening balance at 1 April 2020	62,898	35,481	27,417
<b>Changes in equity:</b>			
Total comprehensive income for the year	23,511	–	23,511
Dividends paid (Note 13)	(10,763)	–	(10,763)
<b>Closing balance at 31 March 2021</b>	<b>75,646</b>	<b>35,481</b>	<b>40,165</b>
<b>Previous year:</b>			
Opening balance at 1 April 2019	67,055	35,481	31,574
<b>Changes in equity:</b>			
Total comprehensive income for the year	4,950	–	4,950
Dividends paid (Note 13)	(9,107)	–	(9,107)
<b>Closing balance at 31 March 2020</b>	<b>62,898</b>	<b>35,481</b>	<b>27,417</b>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MARCH 2021**

	2021 \$'000	2020 \$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	54,343	53,131
Adjustments for:		
Covid-19 related rent concessions from lessors	(5,287)	–
Depreciation of property, plant and equipment and investment property	4,738	5,404
Depreciation of right-of-use assets	22,986	23,584
Interest income	(419)	(921)
Interest expense	1,714	2,200
Share of loss/(profit) from equity-accounted associates	54	(63)
Gains on disposal of right-of-use assets	(353)	–
Gains on disposal of plant and equipment	(31)	(236)
Property, plant and equipment written off	1,132	48
Provisions, non-current	131	393
Operating cash flows before changes in working capital	79,008	83,540
Inventories	22,942	20,912
Trade and other receivables	(2,741)	1,318
Other assets	(1,517)	(869)
Trade and other payables	2,394	(3,514)
Other liabilities	2,727	(4,228)
Net cash flows generated from operations	102,813	97,159
Income taxes paid	(10,201)	(10,007)
Net cash flows generated from operating activities	92,612	87,152
<b><u>Cash flows from investing activities</u></b>		
Disposal of property, plant and equipment	488	444
Purchase of plant and equipment (Note 25A)	(2,286)	(2,942)
Acquisition of subsidiaries (Note 19)	(54,310)	–
Interest received	419	921
Net cash flows used in investing activities	(55,689)	(1,577)
<b><u>Cash flows from financing activities</u></b>		
Lease liabilities – principal portion paid	(17,758)	(23,169)
Increase in loans and borrowings	16,761	–
Loans and borrowings paid	(4,687)	(18,778)
Interest paid	(1,714)	(2,200)
Dividends paid	(10,763)	(9,107)
Dividend paid to non-controlling interest of subsidiaries	(1,640)	(664)
Net cash flows used in financing activities	(19,801)	(53,918)
<b>Net increase in cash and cash equivalents</b>	17,122	31,657
Cash and cash equivalents, beginning balance	114,389	81,288
Effect of foreign exchange rate adjustments	(1,485)	1,444
<b>Cash and cash equivalents, ending balance (Note 25)</b>	130,026	114,389

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 1. GENERAL

The company is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries (the “group”).

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company and provides management services to its subsidiaries and associates. The principal activities of the subsidiaries are described in Note 18 to the financial statements.

The registered office and the principal place of business of the company is located at 391B Orchard Road, #18-01 Ngee Ann City Tower B, Singapore 238874. The company is situated in Singapore.

### *Uncertainties relating to the Covid-19 pandemic:*

The Covid-19 pandemic and the aftermath of the pandemic has caused and will continue to cause disruptions resulting in uncertainties surrounding the group’s business, including its relationships with its existing and future customers, suppliers and employees. The pandemic had and will continue to have an effect on the group’s financial position, financial performance, cash flows and prospects for the foreseeable future. Management has reviewed the estimated potential impact and plausible downside scenarios, along with its responses as a result of the Covid-19 pandemic. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the foreseeable future.

### **Statement of compliance with financial reporting standards**

These financial statements have prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS (I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB).

### **Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

### **Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 1. GENERAL (CONT'D)

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary, with any resulting gain or loss recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investment financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income and separate statement of cash flows are not presented.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Other income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Interest income is recognised using the effective interest method.

#### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain overseas subsidiaries have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

For a subsidiary incorporated in Thailand, provision for post-employment benefits is made in accordance with Thai Labour Law and the subsidiary's staff manual which is calculated using the last salaries as of reporting date in conjunction with discount rates, mortality rates, employee turnover rates and expected number of years of service.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

The direct method is used whereby the financial statements of the foreign operations are translated directly into the functional currency of the ultimate parent.

#### Income tax

Income taxes are recorded using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated.

The tax expense (tax benefit) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Income tax (cont'd)

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold property	-	2%
Leasehold property	-	Over terms of lease which is approximately 2%
Leasehold improvement	-	16.67% to 50%
Plant and equipment	-	10% to 50%
Assets in progress	-	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 28 on provisions.

#### Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rates of depreciation are as follows:

Retail outlets	-	Over terms of lease which is approximately 20% to 50%
Office spaces	-	Over terms of lease which is approximately 33.33% to 50%
Motor vehicles	-	Over terms of lease which is approximately 33.33% to 50%

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Investment property

Investment property is property, land or a building or part of building or both owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The annual rate of depreciation is as follows:

Leasehold property – 2%

#### Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term. For these leases, a right-of-use asset is recognised.

#### Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Associates (cont'd)

In the company's separate financial statements, investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

#### Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### **Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

#### **Inventories**

Inventories are measured at the lower of cost (on the specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial instruments (cont'd)

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

#### Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

### 2B. Other explanatory information

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Other explanatory information (cont'd)

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement that could materially affects the carrying amount of inventories including the ornament timepieces at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 22 on inventories.

#### Business combination:

The group has estimated the provisional fair value of identifiable assets acquired and liabilities assumed based on information available at acquisition date as the purchase price allocation exercise has not been finalised as at end of the year. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the provisional fair value, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised. Also, see Note 19 on the acquisition of subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Expected credit loss allowance on trade receivables:

The allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 23 on trade and other receivables.

#### Income tax amount:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 11 on income tax.

#### Useful lives of property, plant and equipment and right-of-use assets:

The estimates for the useful lives and related depreciation charges for property, plant and equipment and right-of-use assets are based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment and right-of-use assets at the end of the reporting year is disclosed in Note 15 and Note 17 respectively.

#### Lease term:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Gain on sale on investment property:

In prior years, the company disposed its investment property classified as assets held for sale located at 1 Coleman Street, The Adelphi, Singapore 179803 for an aggregate consideration of \$23,791,425. The disposal resulted in a gain of \$3,320,000, which was presented in other gains in the consolidated statement of profit or loss. Based on the facts available, management has made judgement that the gain to be capital in nature and therefore management is of the view that the gain on the aforesaid disposal is not taxable. Accordingly, no income tax liability has been recognised on the capital gains.

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

### 3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Non-controlling shareholder of subsidiary	
	2021	2020
	\$'000	\$'000
Purchase of goods	-	12

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

### 3B. Key management compensation

	Group	
	2021	2020
	\$'000	\$'000
Salaries and other short-term employee benefits	13,644	13,170
Post-employment benefit	499	567

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2021	2020
	\$'000	\$'000
Remuneration of directors of the company	10,335	10,172
Remuneration of directors of the subsidiaries	1,459	1,322
Fees payable to directors of the company	590	597

Further information about the remuneration of individual directors is provided in the corporate governance report.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### 4A. Information about reportable segment profit or loss, assets and liabilities

SFRS(I) 8 requires the disclosure of information about operating segments, products and services, the geographical areas and the major customers. It is a disclosure standard which results in a redesignation of the group's reportable segments, but it has no impact on the reported financial performance or financial position of the group.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) wholesale and (2) retail. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The segments and the types of products and services are as follows:

The retail segment is involved in retailing of timepiece, branded pens and accessories (the "Retail").

The wholesale segment is involved in wholesale of timepiece and luxury branded accessories (the "Wholesale").

Others operations include provision of other support services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, investment property, right-of-use assets, inventories, trade and other receivables, other assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, other financial liabilities, provisions and other liabilities. Unallocated items comprise mainly investment in associates, deferred tax assets, deferred and current tax liabilities.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

### 4B. Profit and loss from continuing operations and reconciliations

	Retail \$'000	Wholesale \$'000	Others \$'000	Elimination \$'000	Group \$'000
<b>Continuing Operations 2021:</b>					
<b>Revenue by Segment</b>					
Total revenue by segment	403,800	32,452	463	-	436,715
Inter-segment revenue	266	28,630	2,385	(31,281)	-
Total revenue	404,066	61,082	2,848	(31,281)	436,715
<b>Recurring EBITDA</b>	63,162	4,554	26,172	(10,053)	83,835
Finance costs	(1,647)	(85)	(6)	24	(1,714)
Depreciation	(26,944)	(566)	(214)	-	(27,724)
ORBT	34,571	3,903	25,952	(10,029)	54,397
Share of loss from associates	-	-	(54)	-	(54)
Profit before tax					54,343
Income tax expense					(11,526)
<b>Profit, net of tax</b>					42,817

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4B. Profit and loss from continuing operations and reconciliations (cont'd)

	Retail \$'000	Wholesale \$'000	Others \$'000	Elimination \$'000	Group \$'000
<b>Continuing Operations 2020:</b>					
<b>Revenue by Segment</b>					
Total revenue by segment	468,995	44,350	468	-	513,813
Inter-segment revenue	307	25,312	3,202	(28,821)	-
<b>Total revenue</b>	<b>469,302</b>	<b>69,662</b>	<b>3,670</b>	<b>(28,821)</b>	<b>513,813</b>
<b>Recurring EBITDA</b>	75,592	3,514	7,200	(2,050)	84,256
Finance costs	(2,104)	(98)	(9)	11	(2,200)
Depreciation	(27,946)	(844)	(198)	-	(28,988)
ORBT	45,542	2,572	6,993	(2,039)	53,068
Share of profit from associates	-	-	63	-	63
Profit before tax					53,131
Income tax expense					(11,450)
<b>Profit, net of tax</b>					<b>41,681</b>

### 4C. Assets and reconciliations

	Retail \$'000	Wholesale \$'000	Others \$'000	Elimination \$'000	Group \$'000
<b>2021:</b>					
Segment assets	380,986	102,876	19,341	(13,810)	489,393
Unallocated assets:					
Deferred tax assets					3,425
Investments in associates					3,474
<b>Total group assets</b>					<b>496,292</b>
<b>2020:</b>					
Segment assets	303,553	28,077	5,435	(1,304)	335,761
Unallocated assets:					
Deferred tax assets					1,245
Investments in associates					2,593
<b>Total group assets</b>					<b>339,599</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4D. Liabilities and reconciliations

	Retail \$'000	Wholesale \$'000	Others \$'000	Elimination \$'000	Group \$'000
<b>2021:</b>					
Segment liabilities	183,267	29,231	14,610	(9,652)	217,456
Unallocated liabilities:					
Deferred and current tax liabilities					9,124
<b>Total group liabilities</b>					<b>226,580</b>
<b>2020:</b>					
Segment liabilities	75,938	3,203	12,025	(640)	90,526
Unallocated liabilities:					
Deferred and current tax liabilities					7,482
<b>Total group liabilities</b>					<b>98,008</b>

### 4E. Other material items and reconciliations

	Retail \$'000	Wholesale \$'000	Others \$'000	Elimination \$'000	Group \$'000
Expenditures for non-current assets:					
2021:	67,403	9	-	-	67,412
2020:	7,139	470	237	-	7,846

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4F. Geographical information

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue		Total assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	206,317	259,846	306,914	193,793
South East Asia <sup>(a)</sup>	175,456	192,811	136,987	85,359
North East Asia <sup>(b)</sup>	54,931	59,458	48,534	59,428
Other countries	11	1,698	343	–
Unallocated	–	–	3,514	1,019
<b>Total</b>	<b>436,715</b>	<b>513,813</b>	<b>496,292</b>	<b>339,599</b>

(a) South East Asia includes Malaysia, Thailand and Indonesia

(b) North East Asia includes Hong Kong and Taiwan

Revenues are attributed to countries on the basis of the customer's location irrespective of the origin of the goods and services. The total assets are analysed by the geographical area in which the assets are located.

### 4G. Information about major customers

There are no customers with revenue transactions exceeding 10% of the group revenue.

## 5. REVENUE

Revenue classified by type of good or service:

	Group	
	2021 \$'000	2020 \$'000
Sale of goods	434,539	511,760
Other income	2,176	2,053
Total revenue	<b>436,715</b>	<b>513,813</b>

All the contracts are less than 12 months. The revenue from sale of goods is recognised based on point in time. The customers are consumers, retailers and wholesalers.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**6. INTEREST INCOME**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income from financial institutions	419	921

**7. OTHER INCOME AND GAINS AND (OTHER LOSSES)**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange adjustments gains	346	134
Gains on disposal of property, plant and equipment	31	236
Gains on disposal of right-of-use assets	353	-
Government grant from Jobs Support Scheme <sup>(a)</sup>	3,100	-
Covid-19 related rent concessions from lessors	5,287	-
Others	41	-
Inventories written off	(760)	(712)
Property, plant and equipment written off	(1,132)	(48)
Net	7,266	(390)
Presented in the consolidated statement of profit or loss as:		
Other income and gains	9,158	370
Other losses	(1,892)	(760)
Net	7,266	(390)

- (a) The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from March 2020 to July 2021.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	2020
	\$'000	\$'000
Short term employee benefits expense	31,343	32,701
Contributions to defined contribution plans	1,725	1,960
Total employee benefits expense	33,068	34,661

## 9. OTHER EXPENSES

The major components and other selected components include the following:

	Group	
	2021	2020
	\$'000	\$'000
Advertising and promotion	2,916	5,271
Credit cards commission	6,389	7,211
Legal and professional fee relating to acquisition of subsidiaries	1,805	-

## 10. FINANCE COSTS

	Group	
	2021	2020
	\$'000	\$'000
Interest expense on bank borrowings	230	536
Interest on lease liabilities	1,484	1,664
	1,714	2,200

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 11. INCOME TAX

### 11A. Components of tax expense recognised in profit or loss include:

	Group	
	2021 \$'000	2020 \$'000
<b><u>Current tax expense:</u></b>		
Current tax expense	11,704	11,866
Over adjustments in respect of prior years	(72)	(152)
Subtotal	11,632	11,714
<b><u>Deferred tax expense (income):</u></b>		
Deferred tax income	(134)	(266)
Under adjustments in respect of prior years	28	2
Subtotal	(106)	(264)
Total income tax expense	11,526	11,450

The amount of income tax payable of the group as at end of the reporting year was \$9,124,000 (2020: \$7,482,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the end of the reporting year.

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit or loss before tax as a result of the following differences:

There are no income tax consequences of dividends paid to owners of the company.

	Group	
	2021 \$'000	2020 \$'000
Profit before tax	54,343	53,131
Share of loss/(profit) from equity-accounted associates	54	(63)
	54,397	53,068
Income tax expense at the above rate	9,247	9,021
Expenses not deductible for tax purposes	705	448
Withholding tax	1,076	783
Stepped income exemption	(68)	(88)
Over adjustments in respect of prior years	(44)	(150)
Effect of different tax rates in different countries	1,064	998
Other minor items less than 3% each	(206)	(26)
Unrecognised deferred tax assets/(reversal)	(248)	464
Total income tax expense	11,526	11,450



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**11. INCOME TAX (CONT'D)**

**11B. Deferred tax income recognised in profit or loss includes:**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Excess of book over tax depreciation on plant and equipment	17	(277)
Excess of tax over book depreciation on plant and equipment	(108)	(6)
Provisions	42	(378)
Tax losses carryforwards	191	(67)
Unrecognised deferred tax assets/(reversal)	(248)	464
Total deferred tax income recognised in statement of profit or loss	<u>(106)</u>	<u>(264)</u>

**11C. Deferred tax balances in the statement of financial position:**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Deferred tax assets recognised in statement of financial position:</u>		
Acquisition of subsidiaries (Note 19)	2,074	-
Excess of net book value of plant and equipment over tax values	(37)	(20)
Excess of tax values over net book value of plant and equipment	193	85
Provisions	1,978	2,020
Tax loss carry forwards	481	672
Unrecognised deferred tax assets	(1,264)	(1,512)
Total	<u>3,425</u>	<u>1,245</u>
Presented in the statements of financial position as follows:		
Deferred tax assets	<u>3,425</u>	<u>1,245</u>

Temporary differences arising in connection with interests in subsidiaries are insignificant.

For the deferred tax assets and liabilities it is impracticable to estimate the amount of tax to be settled or used within one year.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 11. INCOME TAX (CONT'D)

### 11C. Deferred tax balances in the statement of financial position: (cont'd)

Certain subsidiaries of the group have unutilised tax losses of approximately \$2,829,000 (2020: \$3,953,000), available to offset against future profits. No deferred tax assets have been recognised on these tax losses as the future profit streams of these subsidiaries are not probable. The realisation of the future income tax benefits from tax carryforwards is available for unlimited future period and subject to applicable laws and agreement by relevant tax authorities, except that the following unutilised tax losses of subsidiaries in Hong Kong and Taiwan which can only be carried forward as follows:-

	Unused gross tax losses	
	2021 \$'000	2020 \$'000
<u>Year of expiry</u>		
2021	-	487
2023	164	156
2029	79	74
2030	705	668
Indefinitely	1,881	2,568
Total unused gross tax losses	2,829	3,953

## 12. ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:-

	Group	
	2021 \$'000	2020 \$'000
<u>Audit fees</u>		
Independent auditor of the company	210	185
Other independent auditors	69	64
<u>Other fees</u>		
Independent auditor of the company	24	50
Other independent auditors	81	30

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 13. DIVIDENDS ON EQUITY SHARES

	Rate per share		Group and Company	
	2021	2020	2021	2020
	\$	\$	\$'000	\$'000
Interim tax exempt (1-tier) dividend paid	0.040	–	6,623	–
Final tax exempt (1-tier) dividend paid	0.020	0.020	3,312	3,312
Special tax exempt (1-tier) dividend paid	0.005	0.035	828	5,795
Total dividends paid in the year	0.065	0.055	10,763	9,107

In respect of the current reporting year, the directors propose that a final tax exempt (1-tier) dividend of 2.0 cents per share and a special tax exempt (1-tier) dividend of 4.5 cents per share with a total of \$10,763,000 be paid to shareholders after the annual general meeting to be held on the 26 August 2021. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

## 14. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2021	2020
Numerators:		
Earnings attributable to equity holders: (\$'000)	39,552	39,297
Denominators:		
Weighted average number of equity shares		
Basic	165,578,415	165,578,415

The weighted average number of equity shares refers to shares in circulation during the reporting period.

Basic earnings per share ratio is based on the weighted average number of common shares outstanding during each period. There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold/ leasehold properties \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Assets in progress \$'000	Total \$'000
<b>Group</b>					
<u>Cost:</u>					
At 1 April 2019	2,177	22,010	15,734	73	39,994
Additions	-	1,661	2,044	270	3,975
Disposals	-	(3,191)	(1,250)	-	(4,441)
Reclassification	-	126	-	(126)	-
Foreign exchange adjustments	(7)	277	40	-	310
At 31 March 2020	2,170	20,883	16,568	217	39,838
Additions	-	3,125	755	29	3,909
Disposals	-	(3,560)	(2,090)	-	(5,650)
Arising from acquisition of subsidiaries	193	-	3,083	-	3,276
Foreign exchange adjustments	(37)	(197)	(48)	-	(282)
At 31 March 2021	2,326	20,251	18,268	246	41,091
<u>Accumulated depreciation:</u>					
At 1 April 2019	657	15,379	8,613	-	24,649
Depreciation for the year	43	3,039	2,234	-	5,316
Disposals	-	(3,109)	(1,076)	-	(4,185)
Foreign exchange adjustments	(2)	268	32	-	298
At 31 March 2020	698	15,577	9,803	-	26,078
Depreciation for the year	43	2,378	2,229	-	4,650
Disposals	-	(2,967)	(1,094)	-	(4,061)
Foreign exchange adjustments	(15)	(167)	(41)	-	(223)
At 31 March 2021	726	14,821	10,897	-	26,444
<u>Carrying value:</u>					
At 1 April 2019	1,520	6,631	7,121	73	15,345
At 31 March 2020	1,472	5,306	6,765	217	13,760
At 31 March 2021	1,600	5,430	7,371	246	14,647

Certain items are under lease agreements (see Note 29).

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Leasehold Property \$'000	Plant and Equipment \$'000	Total \$'000
<b>Company</b>			
<u>Cost:</u>			
At 1 April 2019	284	533	817
Additions	–	198	198
At 31 March 2020 and 31 March 2021	284	731	1,015
<u>Accumulated depreciation:</u>			
At 1 April 2019	91	169	260
Depreciation for the year	6	104	110
At 31 March 2020	97	273	370
Depreciation for the year	3	122	125
At 31 March 2021	100	395	495
<u>Carrying value:</u>			
At 1 April 2019	193	364	557
At 31 March 2020	187	458	645
At 31 March 2021	184	336	520

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**16. INVESTMENT PROPERTY**

	<b>Leasehold property \$'000</b>
<hr/>	
<b>Group &amp; Company</b>	
<u>At cost:</u>	
At 1 April 2019, 31 March 2020 and 31 March 2021	4,685
	<hr/>
<u>Accumulated depreciation:</u>	
At 1 April 2019	54
Depreciation for the year	88
	<hr/>
At 31 March 2020	142
Depreciation for the year	88
	<hr/>
At 31 March 2021	230
	<hr/>
<u>Accumulated impairment:</u>	
At 1 April 2019, 31 March 2020 and 31 March 2021	281
	<hr/>
<u>Carrying value:</u>	
At 1 April 2019	4,350
	<hr/>
At 31 March 2020	4,262
	<hr/>
At 31 March 2021	4,174
	<hr/>
Fair value for disclosure purposes only:	
Fair value at end of the year	4,050
Rental income from investment property	-
Direct operating expenses (including repairs and maintenance) arising from investment property	8
	<hr/>

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2021

### 16. INVESTMENT PROPERTY (CONT'D)

The fair value of the investment property was measured in May 2021 based on direct comparison with recent market transactions of comparable properties within the vicinity and elsewhere to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on valuation made by Edmund Tie & Company (SEA) Pte Ltd, a firm of independent professional valuers.

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	43C Beach Road, Evershine & Century Complex Singapore 189681
Fair Value and Fair value hierarchy – Level:	\$4,050,000 (FY2020: \$4,350,000). Level 3 (FY2020: Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent offer to sell prices for similar properties.
Significant observable inputs and range (weighted average):	Price per square meter: \$17,234 (2020:\$18,510)
Relationship of unobservable inputs to fair value:	NA.
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$405,000; higher by \$405,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**17. RIGHT-OF-USE ASSETS**

The right-of-use assets in the statement of financial position are as follows:

	Retail outlets \$'000	Office space \$'000	Motor Vehicles \$'000	Total \$'000
<b>Group</b>				
<u>Cost:</u>				
At 1 April 2019 on adoption of SFRS(I) 16	53,698	8,091	128	61,917
Additions	3,468	85	318	3,871
Foreign exchange adjustments	860	116	32	1,008
At 31 March 2020	58,026	8,292	478	66,796
Additions	61,944	1,242	317	63,503
Disposals	(18,881)	(1,514)	(479)	(20,874)
Arising from acquisition of subsidiaries	26,448	2,113	–	28,561
Foreign exchange adjustments	(291)	(5)	2	(294)
At 31 March 2021	127,246	10,128	318	137,692
<u>Accumulated depreciation:</u>				
At 1 April 2019	–	–	–	–
Depreciation for the year	22,051	1,426	107	23,584
Foreign exchange adjustments	113	16	5	134
At 31 March 2020	22,164	1,442	112	23,718
Depreciation	21,311	1,514	161	22,986
Disposals	(4,526)	(484)	(166)	(5,176)
Foreign exchange adjustments	(240)	(4)	–	(244)
At 31 March 2021	38,709	2,468	107	41,284
<u>Carrying value:</u>				
At 1 April 2019	53,698	8,091	128	61,917
At 31 March 2020	35,862	6,850	366	43,078
At 31 March 2021	88,537	7,660	211	96,408

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 17. RIGHT-OF-USE ASSETS (CONT'D)

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Number of right-of-use assets		
Retail outlets	48	23
Office space	10	10
Motor vehicles	3	3
Total	61	36

The leases are for retail outlets, office space and motor vehicles.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance and maintenance fees on right-of-use assets are usually required under the lease contracts.

## 18. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares:		
Balance at beginning of the year	56,792	56,492
Additions <sup>(a)</sup>	84,695	300
Balance at the end of the year	141,487	56,792
Total cost comprising:		
Unquoted equity shares at cost	145,623	60,928
Allowance for impairment	(4,136)	(4,136)
Balance at the end of the year	141,487	56,792

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**18. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

	Company	
	2021 \$'000	2020 \$'000
Analysis of amount denominated in non-functional currencies:		
Hong Kong Dollars	5,142	5,142
New Taiwan Dollars	10,049	10,049
Malaysian Ringgit	33,320	33,320
Thailand Baht	4,531	4,531

- (a) The group completed the acquisition of Sincere Watch Limited on 16 March 2021. Consequently, Sincere Watch Limited and its subsidiaries and associated company became subsidiaries and associated company of the group.

In FY2020, the addition was a result of subsidiary, Cortina Watch TW Pte Ltd (formerly known as Cortina Watch International Pte Ltd) allotting additional ordinary shares to the company during the reporting year. There was no change of effective shareholding interest and the subsidiary remains a wholly owned subsidiary of the company.

The subsidiaries held by the company and its subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of company		Effective percentage of equity held by company	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
Chronoswiss Asia Pte Ltd <sup>(a)</sup> Singapore Import and export of Chronoswiss watches	90	90	90	90
Cortina Watch HK Limited <sup>(b)</sup> Hong Kong Retail, import and export of watches (RSM Hong Kong)	2,529	2,529	100	100
Cortina Watch Pte Ltd <sup>(a)</sup> Singapore Retail, import and export of timepiece, branded pens and luxury accessories	6,871	6,871	100	100
Cortina Watch (Indochina) Pte Ltd <sup>(a)</sup> Singapore Dormant	519	519	100	100
Cortina Watch TW Pte Ltd <sup>(a)(e)</sup> Singapore Retail, import and export of watches	300	300	100	100

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**18. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The subsidiaries held by the company and its subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of company		Effective percentage of equity held by company	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
Cortina Watch Sdn Bhd <sup>(b)</sup> Malaysia Retail, import and export of watches, pens and clocks (RSM Malaysia)	33,320	33,320	90	90
Pactime HK Limited <sup>(d)</sup> Hong Kong Dormant	2,613	2,613	100	100
Pacific Time Pte Ltd <sup>(a)</sup> Singapore Import and export of watches	106	106	100	100
Cortina Watch (Thailand) Co. Ltd <sup>(b)</sup> Thailand Retail, import and export of watches (RSM Audit Services (Thailand) Limited)	4,531	4,531	70	70
Cortina Watch Co., Ltd <sup>(c)(e)</sup> Taiwan Retail, import and export of watches (Nexia Sun Rise CPAs & Co.)	8,757	8,757	100	100
Pacific Time Co., Ltd <sup>(c)</sup> Taiwan Distribution of watches (Nexia Sun Rise CPAs & Co.)	1,292	1,292	100	100
Sincere Watch Limited <sup>(c)</sup> Singapore Retail, import and export of watches (Deloitte & Touche LLP)	84,695	–	100	–
	<u>145,623</u>	<u>60,928</u>		

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of company		Effective percentage of equity held by company	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
<u>Held through Cortina Watch (Indochina) Pte Ltd</u>				
Cortina Watch (Yangon) Ltd <sup>(d)</sup>	-	-	100	100
Myanmar				
Dormant				
<u>Held through Sincere Watch Limited</u>				
Suntime Watch Pte Ltd <sup>(c)</sup>	-	-	100	-
Singapore				
Retailing of watches and clocks (Deloitte & Touche LLP)				
Franck Muller Pte Ltd <sup>(c)</sup>	-	-	100	-
Singapore				
Marketing of Franck Muller time pieces (Deloitte & Touche LLP)				
Heirloom Restoration Services Pte Ltd <sup>(c)</sup>	-	-	100	-
Singapore				
Watch repair services (Deloitte & Touche LLP)				
Swiss Master Time Pte Ltd <sup>(c)</sup>	-	-	100	-
Singapore				
Marketing of luxury goods (Deloitte & Touche LLP)				
Suntime Watch Sdn Bhd <sup>(c)</sup>	-	-	100	-
Malaysia				
Retailing of watches, clocks, pens and related accessories and servicing of watches (Deloitte & Touche LLP)				
Sincere Watch Sdn Bhd <sup>(c)</sup>	-	-	100	-
Malaysia				
Retailing of watches, clocks, pens and related accessories and servicing of watches (Deloitte & Touche LLP)				



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of company		Effective percentage of equity held by company	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
Sincere Watch Pty Ltd <sup>(c)</sup> Australia Marketing and distribution of watches (Assur Pty Ltd, Australia)	-	-	100	-
Sincere Watch (India) Pte Ltd <sup>(c)</sup> India Dormant (Neeraj Agrawal & Co., India)	-	-	100	-
Pendulum Ltd <sup>(c)</sup> Thailand Retailing and distribution of watches and clocks (Deloitte & Touche LLP)	-	-	100	-

(a) Audited by RSM Chio Lim LLP.

(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(d) Not audited, as it is not material and not required to be audited under the relevant laws and regulations of its country of incorporation.

(e) Cortina Watch TW Pte Ltd incorporated a branch in Taiwan. Majority of the business of Cortina Watch Co., Ltd was transferred to this branch in September 2020.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2021 \$'000	2020 \$'000
<u>Name of the subsidiary: Cortina Watch Sdn Bhd, Malaysia</u>		
1. NCI percentage of ownership and voting interest	10%	10%
2. The profit allocated to NCI of the subsidiary during the reporting year	624	652
3. Accumulated NCI of the subsidiary at the end of the reporting year	4,289	4,730
4. Dividends paid to NCI	981	–
5. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and before inter-company eliminations) is as follows:		
Current assets	48,229	48,639
Non-current assets	11,168	11,443
Current liabilities	12,670	8,057
Non-current liabilities	3,838	4,726
Revenues	87,673	98,523
Profit for the reporting year	6,237	6,518
Total comprehensive income	6,237	6,518
Increase in operating cash flows	19,814	15,837
Net increase in cash flows	268	5,335
<u>Name of the subsidiary: Cortina Watch (Thailand) Co. Ltd, Thailand</u>		
1. NCI percentage of ownership and voting interest	30%	30%
2. The profit allocated to NCI of the subsidiary during the reporting year	2,644	1,857
3. Accumulated NCI of the subsidiary at the end of the reporting year	6,883	5,002
4. Dividends paid to NCI	659	664
5. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and before inter-company eliminations) is as follows:		
Current assets	31,805	24,472
Non-current assets	4,306	4,183
Current liabilities	10,108	9,982
Non-current liabilities	3,058	1,999
Revenues	67,778	63,363
Profit for the reporting year	8,814	6,191
Total comprehensive income	8,814	6,191
Increase in operating cash flows	12,968	13,078
Net increase in cash flows	2,063	2,081

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 19. ACQUISITION OF SUBSIDIARIES

On 16 March 2021 the group acquired 100% of the share capital of Sincere Watch Limited (“SWL”) (incorporated in Singapore) and from that date the group gained control over SWL. SWL and its subsidiaries and associated company became subsidiaries and associated company of the group (see Notes 18 and 20). The transaction was accounted for by the acquisition method of accounting.

If the business combination had taken place at beginning of the financial year, management estimates that consolidated revenue would have been \$555,337,000 and consolidated profit net of tax would have been \$41,199,000.

The consideration transferred is as follows:

	2021 \$'000
<hr/>	
<u>Consideration transferred:</u>	
Cash paid	80,309
Deferred consideration (Note 31)	4,386
Total consideration transferred	<u>84,695</u>

The fair values of identifiable assets acquired and liabilities assumed shown below for SWL group are provisional as the hindsight period (of not more than twelve months) allowed by the financial reporting standard on business combinations has not yet expired. A detailed report from an independent professional valuer on the fair values is expected to be available before the end of the next reporting year.

	<b>Pre-acquisition book values under SFRS(I) \$'000</b>	<b>Provisional fair values \$'000</b>
<hr/>		
<b>Group</b>		
Right-of-use assets	28,561	28,561
Property, plant and equipment	3,276	3,276
Investment in associates	935	935
Goodwill	434	–
Other intangible assets	136	–
Deferred tax assets	2,074	2,074
Inventories	94,979	94,979
Receivables	11,998	11,998
Cash and cash equivalents	25,999	25,999
Loans and borrowings	(20,906)	(20,906)
Lease liabilities	(28,916)	(28,916)
Payables	(32,094)	(32,094)
Provisions	(2,163)	(2,163)
Net assets	<u>84,313</u>	<u>83,743</u>

Acquisition-related cost:

The group incurred acquisition-related costs of \$1,805,000 (see Note 9).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**19. ACQUISITION OF SUBSIDIARIES (CONT'D)**

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	<b>2021</b>
	<b>\$'000</b>
Consideration transferred (see above table)	84,695
Fair value of identifiable net assets acquired	<u>(83,743)</u>
Provisional goodwill arising on acquisition	<u>952</u>

The provisional goodwill is not deductible for tax purposes. The goodwill has also not been tested for impairment as the amount is not material.

Cash flow impact:

	<b>2021</b>
	<b>\$'000</b>
<u>Net assets acquired:</u>	
Non-current assets	37,600
Current assets	104,223
Non-current liabilities	(22,386)
Current liabilities	(61,693)
Cash and bank balances	25,999
Net assets	<u>83,743</u>
Provisional goodwill	952
Consideration paid	<u>84,695</u>
Less: Retention sum payable	(4,386)
Cash and bank balances acquired	<u>(25,999)</u>
Net cash outflow on acquisition of subsidiaries	<u>54,310</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**20. INVESTMENTS IN ASSOCIATES**

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Movements in carrying value:				
At beginning of the year	2,593	2,530	1,000	1,000
Arising from acquisition of subsidiaries	935	-	-	-
Share of (loss)/profit for the year	(54)	63	-	-
At end of the year	3,474	2,593	1,000	1,000
Carrying value:				
Unquoted equity shares at cost	1,125	1,000	1,000	1,000
Share of post-acquisition profits, net of dividends received	2,349	1,593	-	-
	3,474	2,593	1,000	1,000

The associates held by the company are listed below:

Name of associates, country of incorporation, place of operations and principal activities (and independent auditors)	Effective percentage of equity held by group	
	2021 %	2020 %
Montre Royale Distributors (Singapore) Pte Ltd <sup>(a)</sup> Singapore Dealers in watches	50	50
<u>Held through Montre Royale Distributors (Singapore) Pte Ltd</u> Societe Anonyme De La Montre Royale <sup>(b)</sup> Switzerland Commission agents and general trading (GF Audit S.A.)	50	50
<u>Held through Sincere Watch Limited</u> Pendulum Service Center Ltd <sup>(b)</sup> Thailand Watch repair services (Deloitte and Touche LLP)	49	-

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 20. INVESTMENTS IN ASSOCIATES (CONT'D)

These associates are not considered material to the reporting entity. The summarised financial information of these non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are set out below.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
<u>Aggregate for all non-material associates:</u>		
Assets	7,009	5,131
Liabilities	262	37
Revenue	-	-
(Loss)/Profit for the year and total comprehensive income	<u>(108)</u>	<u>126</u>

## 21. OTHER ASSETS

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
Deposits to secure services	<u>9,801</u>	<u>6,347</u>

## 22. INVENTORIES

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
Finished goods		
- at cost	150,625	112,130
- at net realisable value	<u>63,814</u>	<u>31,205</u>
Total finished goods at lower of cost and net realisable value	<u>214,439</u>	<u>143,335</u>
Inventories are stated after allowance.		
Movements in allowance:		
Balance at beginning of the year	16,260	12,842
Charged to profit or loss included in changes in inventories of finished goods	<u>(2,650)</u>	<u>3,418</u>
Balance at end of the year	<u>13,610</u>	<u>16,260</u>
The write-downs of inventories charged to profit or loss included in other losses (Note 7)		
Changes in inventories of finished goods - (increase)/decrease	<u>760</u>	<u>712</u>
	<u>(71,104)</u>	<u>19,429</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**23. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Trade receivables:</u>				
Outside parties	8,451	2,998	-	-
Subtotal	8,451	2,998	-	-
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	6,906	9,334
Associates (Note 3)	5	-	-	-
Other receivables	6,765	6,186	6	6
Less allowance for impairment on subsidiary	-	-	-	(18)
Subtotal	6,770	6,186	6,912	9,322
Total trade and other receivables	15,221	9,184	6,912	9,322

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Movements in above allowance on other receivables</u>				
At beginning of the year	-	-	-	18
Reverse for subsidiaries other receivables to profit or loss included in other income and gains	-	-	-	(18)
At end of the year	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 23. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Trade receivables comprises mainly creditworthy debtors with good payment record, NETS and credit card payments that will be settled in a few days and are considered to have low credit risk and customers which can be graded as low risk individually. Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables from the subsidiaries are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount. Other receivables at amortised cost and which can be graded as low risk individually are also considered to have low credit risk. No loss allowance is necessary except for the \$18,000 allowance for impairment on other receivables from a subsidiary at company level in 2020.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2020: 30 to 60 days). But some customers take a longer period to settle the amounts.

Concentration of the group's trade receivables as at the end of the reporting year:

	2021	2020
	\$'000	\$'000
Top 1 debtor	4,345	2,319
Top 2 debtors	4,671	2,654
Top 3 debtors	4,811	2,717

## 24. OTHER ASSETS, CURRENT

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	189	36	-	-
Prepayments	3,536	1,370	23	24
	3,725	1,406	23	24

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not restricted in use	130,026	114,389	13,523	180

The interest earning balances are insignificant. The amount represents bank balances with maturity of less than 90 days.

### 25A. Non-cash transactions:

Included in additions to plant and equipment, there were:

- (a) Amount of \$Nil (2020: \$806,000) acquired by means of leases.
- (b) Amount of \$1,623,000 (2020: \$174,000) being provision for dismantling and removing items and restoring site relating to property, plant and equipment capitalised. (Note 28).

### 25B. Reconciliation of liabilities arising from financing activities:

	2020 \$'000	Cash flows \$'000	Non-cash Changes \$'000		2021 \$'000
<b>Group</b>					
Other financial liabilities	4,961	12,074	20,899	(a)	37,934
Leases liabilities	45,028	(17,758)	71,025	(b)	98,295
Total liabilities from financing activities	49,989	(5,684)	91,924		136,229

- (a) Foreign exchange movements and balance arising from acquisition of subsidiaries.
- (b) Acquisition and disposal of right-of-use assets and lease liabilities, covid-19 related rent concession from lessors and foreign exchange movements.

	2019 \$'000	Cash flows \$'000	Non-cash Changes \$'000		2020 \$'000
<b>Group</b>					
Other financial liabilities	23,263	(18,778)	476	(a)	4,961
Lease liabilities	720	(23,169)	67,477	(b)	45,028
Total liabilities from financing activities	23,983	(41,947)	67,953		49,989

- (a) Foreign exchange movements.
- (b) Acquisition of plant and equipment, capitalisation of its existing lease arrangements (except for lease less than 12 months and lease of low value assets) as right-of-use assets and lease liabilities as at 1 April 2020 in accordance with SFRS (I) 16, and foreign exchange movements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2021

### 26. SHARE CAPITAL

	Group and Company	
	Number of shares issued	Share capital \$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 April 2019, 31 March 2020 and 31 March 2021	165,578,415	35,481

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

#### **Capital management:**

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2021

### 26. SHARE CAPITAL (CONT'D)

#### Capital management: (cont'd)

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	2021 \$'000	2020 \$'000
Net debt:		
All current and non-current borrowings including leases	136,229	49,989
Less cash and cash equivalents	(130,026)	(114,389)
Net debt	6,203	(64,400)
Adjusted capital:		
Total equity	269,712	241,591
Debt-to-adjusted capital ratio	2.3%	N.M.

For 2021 the unfavourable change is due to the increase of the lease liabilities.

N.M. – Not meaningful as the total cash and cash equivalents is larger than borrowings.

### 27. OTHER RESERVES

	Group	
	2021 \$'000	2020 \$'000
Foreign currency translation reserve (Note 27A)	1,073	3,182
Statutory reserve (Note 27B)	1,367	522
Total at the end of the year	2,440	3,704

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**27. OTHER RESERVES (CONT'D)**

**27A. Foreign currency translation reserve**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
<b>Group</b>		
At beginning of the year	3,182	980
Exchange differences on translating foreign operations	(2,109)	2,202
At end of the year	<u>1,073</u>	<u>3,182</u>

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the company.

**27B. Statutory reserve**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
<b>Group</b>		
At beginning of the year	522	-
Transferred from profit and loss	845	522
At end of the year	<u>1,367</u>	<u>522</u>

This relates to legal reserve set aside for the subsidiaries in Taiwan and Thailand.

In accordance with the relevant laws and regulations in Taiwan, the subsidiary in Taiwan is required to set aside 10% of its distributable earnings as its legal reserve and it should not be used to distribute dividends.

In accordance with the relevant laws and regulations in Thailand, the subsidiary in Thailand is required to set aside as a statutory reserve upon declaration of dividend at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The reserve is non-distributable.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 28. PROVISIONS

	Group	
	2021	2020
	\$'000	\$'000
Provision for dismantling and removing (Note 28A)	3,534	1,758
Provision for employee benefit costs (Note 28B)	2,045	572
Total at the end of the year	5,579	2,330

### 28A. Provision for dismantling and removing

	Group	
	2021	2020
	\$'000	\$'000
Provision for dismantling and removing items and restoring site relating to property, plant and equipment:		
Movements in above provision:		
At beginning of the year	1,758	1,674
Additions	1,623	174
Reversed during the year	(666)	(107)
Arising from acquisition of subsidiaries	833	-
Foreign exchange adjustments	(14)	17
At end of the year	3,534	1,758

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased property. The estimate is based on quotations from external contractors. The unexpired terms range from 3 years to 5 years. The unwinding of discount is not significant.

### 28B. Provision for employee benefit costs

The group maintains defined benefit scheme for employees in Thailand. The scheme is valued by management at the end of each year.

	Group	
	2021	2020
	\$'000	\$'000
At beginning of the year	572	213
Periodic benefit costs	131	393
Paid during the year	-	(30)
Arising from acquisition of subsidiaries	1,330	-
Foreign exchange adjustments	12	(4)
At end of the year	2,045	572

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**28. PROVISIONS (CONT'D)**

**28B. Provision for employee benefit costs (cont'd)**

The following table is a summary of the assumptions relating to the actuarial technique as at the statement of financial position date:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Discount rate (%)	ThaiBMA 2021	ThaiBMA 2020
Salary increase rate (%)	3.00% – 9.16%	7.26%
Employee turnover (%)	4.41% – 7.92%	4.41%
Mortality	100% of Thai mortality rate (TMO2017)	100% of Thai mortality rate (TMO2017)

The group has recorded provision for employee benefits as an expense in the statement of profit or loss for the year ended 31 March 2021 in accordance with the terms outlined in the Labour Protection Act (No. 7), BE 2562 is announced in the Royal Gazette on 5 April 2020 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, received severance payment of 400 days of wages in the most recent wage.

**29. FINANCIAL LIABILITIES – LEASE LIABILITIES**

Lease liabilities are presented in the statement of financial position as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities, current	28,840	17,576	64	96
Lease liabilities, non-current	69,455	27,452	12	75
	<b>98,295</b>	<b>45,028</b>	<b>76</b>	<b>171</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**29. FINANCIAL LIABILITIES – LEASE LIABILITIES (CONT'D)**

Movements of lease liabilities for the reporting year are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of the year	45,028	62,637	171	173
Additions	63,503	4,677	-	80
Disposals	(16,051)	-	-	-
Accretion of interest	1,484	1,664	6	8
Lease payments – principal portion paid	(17,758)	(23,169)	(95)	(82)
Lease payments – interest portion paid	(1,484)	(1,664)	(6)	(8)
Covid-19 related rent concession from lessors	(5,287)	-	-	-
Arising from acquisition of subsidiaries	28,916	-	-	-
Foreign exchange adjustments	(56)	883	-	-
At end of the year	98,295	45,028	76	171

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets. The right-of-use assets are disclosed in Note 17.

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The incremental borrowing rate applied to lease liabilities recognised is 0.26% to 6.34% (2020: 2.70% to 6.34%) per year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**29. FINANCIAL LIABILITIES – LEASE LIABILITIES (CONT'D)**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Net book value of plant and equipment under lease liabilities	1,016	2,260
Net book value of right-of-use assets under lease liabilities	96,408	43,078

Certain obligations under leases of \$674,000 (2020: \$1,128,000) are secured by a legal charge over the leased assets.

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Net book value of plant and equipment under lease liabilities	337	458

Certain obligations under leases of \$76,000 (2020: \$171,000) are secured by a legal charge over the leased assets.

Total cash outflows for leases of the group for the year ended 31 March 2021 are shown in the consolidated statement of cash flows. A summary of the maturity analysis of lease liabilities is disclosed in Note 36E.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

At reporting date total commitments on leases that had not yet commenced were as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Asset		
Retail outlets	2,884	16,920

The future cash outflows commitments to which the lessee is potentially exposed are not reflected in the measurement of lease liabilities above. This includes exposure arising from: (1) variable lease payments; (2) extension options and termination options; (3) residual value guarantees; and (4) leases not yet commenced to which the lessee is committed.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**

**29. FINANCIAL LIABILITIES – LEASE LIABILITIES (CONT'D)**

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Expense relating to short-term leases and leases of low-value assets included in rental expenses	516	380
Expense relating to variable lease payments not included in lease liabilities included in rental expenses	2,078	3,290

**30. OTHER FINANCIAL LIABILITIES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan A (Note 30A)	–	1,096
Bank loan B (Note 30B)	–	1,645
Bank loan C (Note 30C)	19,380	–
Bills payable (Note 30D)	18,554	2,220
Total	37,934	4,961

The ranges of floating interest rate paid were as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Bank loans	1.21% to 4.75%	2.23% to 3.58%
Bills payable	1.07% to 4.14%	3.86% to 4.67%

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 30. OTHER FINANCIAL LIABILITIES (CONT'D)

### 30A. Bank loan A

The bank loan pertains to working capital loans that were short term in nature, ranging between repayable on demand to 6 months. These loans were covered by a corporate guarantee from the company. The loan has been repaid during the year.

The bank loans were at floating rates of interest. The fair value (Level 2) was a reasonable approximation of the carrying amount due to their short term nature or that they were floating rate instruments that were frequently re-priced to market interest rates.

### 30B. Bank loan B

The bank loan pertains to working capital loans that were short term in nature, ranging between repayable on demand to 6 months. These loans were covered by a corporate guarantee from the company and a director of the subsidiary. The loan has been repaid during the year.

The bank loans were at floating rates of interest. The fair value (Level 2) was a reasonable approximation of the carrying amount due to their short term nature or that they were floating rate instruments that were frequently re-priced to market interest rates.

### 30C. Bank loan C

The bank loan pertains to working capital loans that are short term in nature, ranging between repayable on demand to less than 12 months. These loans are covered by a corporate guarantee from the company and a subsidiary.

The bank loans are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

### 30D. Bills payable to banks

The bills payable to banks are covered by corporate guarantees from the company and a subsidiary.



**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021

**31. TRADE AND OTHER PAYABLES**

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	57,221	27,547	10,122	8,748
<u>Other payables:</u>				
Deferred consideration (Note 19)	4,386	-	4,386	-
Subsidiaries (Note 3)	-	-	77,061	-
Subtotal	4,386	-	81,447	-
Total trade and other payables	61,607	27,547	91,569	8,748

The deferred consideration is unsecured, interest free and repayable within one year.

**32. OTHER LIABILITIES**

	Group	
	2021 \$'000	2020 \$'000
Advanced deposits from customers - current	11,828	9,960
Advanced deposits from customers - non-current	2,213	700
	Group	
	2021 \$'000	2020 \$'000
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting year:		
Expected to be recognised within 1 year	11,828	9,960
Expected to be recognised after 1 year but before 2 years	2,213	700
	14,041	10,660

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 33. FORWARD CURRENCY CONTRACTS

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts:

	Principal \$'000	Reference currency	Maturity	Fair value gain (loss) \$'000
<u>2021:</u>				
Forward currency contracts	<u>2,543</u>	THB	April 2021	<u>63</u>
<u>2020:</u>				
Forward currency contracts	<u>3,987</u>	THB	April 2020	<u>(80)</u>

The fair value of the forward currency contracts are based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year (Level 2).

The fair values of forward currency contracts for reporting year ended 31 March 2021, and 31 March 2020 are not recorded in the financial statements as they are not material.

## 34. CONTINGENT LIABILITIES

	Company	
	2021 \$'000	2020 \$'000
Corporate guarantee given to bank in favour of subsidiaries (Note 3) <sup>(a)</sup>	207,320	209,914
Unsecured bank guarantee issued in favour of third parties	<u>5,003</u>	<u>3,495</u>
Undertaking to support subsidiaries with deficits	<u>86</u>	<u>126</u>

There are also corporate guarantees given to banks by a subsidiary in favour of other subsidiaries amounting to \$32,586,000 (2020: Nil) as at end of the year.

- (a) A fee is not charged for these corporate guarantees and not recorded at the company level as the amount of the charge involved is not significant. It has no effect at the group level.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 35. COMMITMENTS

### 35A. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Commitments for renovation of outlets	4,495	316

### 35B. Purchases commitments

Pursuant to the acquisition of Sincere Watch Limited and its subsidiaries (see Note 19), the group acquired exclusive distribution agreements with a supplier, whereby the group is expected to make minimum purchases as follows:

	Group	
	2021	2020
	\$'000	\$'000
Within 1 year	42,855	–
2 - 5 years	171,420	–
After 5 years	21,428	–
	235,703	–

The supplier has the right to terminate their exclusive distribution agreements if the group fails to meet the minimum purchase requirements pursuant to the terms and conditions of the agreements.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 36A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	145,247	123,573	20,435	9,502
At end of the year	145,247	123,573	20,435	9,502
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	197,836	77,536	91,645	8,919
At end of the year	197,836	77,536	91,645	8,919

Further quantitative disclosures are included throughout these financial statements.

### 36B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

### 36C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 36D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

### 36E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<u>Non-derivative financial liabilities:</u>				
<u>2021:</u>				
Gross borrowings commitments	39,009	–	–	39,009
Gross lease liabilities	31,357	66,278	6,989	104,624
Trade and other payables	61,607	–	–	61,607
At end of the year	131,973	66,278	6,989	205,240
<u>2020:</u>				
Gross borrowings commitments	5,019	–	–	5,019
Gross lease liabilities	18,643	27,199	1,532	47,374
Trade and other payables	27,547	–	–	27,547
At end of the year	51,209	27,199	1,532	79,940

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 36E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Company</b>				
<u>Non-derivative financial liabilities:</u>				
<u>2021:</u>				
Gross lease liabilities	66	12	–	78
Trade and other payables	91,569	–	–	91,569
At end of the year	91,635	12	–	91,647
<u>2020:</u>				
Gross lease liabilities	102	77	–	179
Trade and other payables	8,748	–	–	8,748
At end of the year	8,850	77	–	8,927

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	Total \$'000
<b>Group</b>		
<u>Derivative financial liabilities:</u>		
<u>2021:</u>		
Forward currency contracts	2,543	2,543
At end of the year	2,543	2,543
<u>2020:</u>		
Forward currency contracts	3,987	3,987
At end of the year	3,987	3,987

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 36E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable (See Note 34).

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2020: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity and undrawn borrowing facilities are expected to generate sufficient cash inflows.

	Group	
	2021	2020
	\$'000	\$'000
<u>Bank Facilities:</u>		
Undrawn borrowing facilities	202,640	174,646

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

### 36F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities:</u>				
Fixed rate	98,295	45,028	76	171
Floating rate	37,934	4,961	-	-
At end of the year	136,229	49,989	76	171

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the relevant notes.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 36F. Interest rate risk (cont'd)

Sensitivity Analysis:

	Group	
	2021 \$'000	2020 \$'000
<u>Financial liabilities:</u>		
A hypothetical variation in interest rates by 50 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by	190	25

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

In management's opinion, the above effective interest rates are unrepresentative of the inherent interest risks as the historical exposure does not reflect the exposure in the future.

The effect on pre-tax profit is not significant for the company.

### 36G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of significant amounts denominated in non-functional currencies of respective entities in the group:

	Singapore Dollars \$'000	Swiss Franc \$'000	Malaysia Ringgit \$'000	Others \$'000	Total \$'000
<b>Group</b>					
<u>2021:</u>					
<u>Financial assets:</u>					
Cash	1,521	775	14	8	2,318
Loans and receivables	32	177	-	-	209
Total financial assets	1,553	952	14	8	2,527
<u>Financial liabilities:</u>					
Trade and other payables	3,868	18,704	-	92	22,664
Total financial liabilities	3,868	18,704	-	92	22,664
Net financial (liabilities)/assets at end of the year	(2,315)	(17,752)	14	(84)	(20,137)

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 36. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 36G. Foreign currency risks (cont'd)

	Singapore Dollars \$'000	Swiss Franc \$'000	Malaysia Ringgit \$'000	Others \$'000	Total \$'000
<b>Group</b>					
<u>2020:</u>					
<u>Financial assets:</u>					
Cash	1,521	293	14	10	1,838
Loans and receivables	6	-	-	-	6
Total financial assets	1,527	293	14	10	1,844
<u>Financial liabilities:</u>					
Trade and other payables	3,369	1,245	-	169	4,783
Total financial liabilities	3,369	1,245	-	169	4,783
Net financial (liabilities)/assets at end of the year	(1,842)	(952)	14	(159)	(2,939)

There is exposure to foreign currency risk as part of its normal business activities.

	2021 \$'000	2020 \$'000
A hypothetical 10% strengthening in exchange rate of functional currency \$ against Swiss Franc with all other variables held constant would have a favourable effect on post-tax profit of:	1,775	95

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

The company does not have any financial assets and financial liabilities amounts denominated in non-functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 37. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<b>SFRS (I) No.</b>	<b>Title</b>
	The Conceptual Framework for Financial Reporting
SFRS (I) 3	Definition of a Business – Amendments to SFRS (I) 3
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to SFRS (I) 1-1 and SFRS (I) 1-8
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to SFRS (I) 1-39, SFRS (I) 7 and SFRS (I) 9
SFRS (I) 16	Covid-19 Related Rent Concessions – Amendment to SFRS (I) 16 (effective from 30 June 2020)

## 38. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<b>SFRS (I) No.</b>	<b>Title</b>	<b>Effective date for periods beginning on or after</b>
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments	1 January 2022
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 January 2022
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments	1 January 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
Various	Annual Improvements to SFRS(I)s 2019-2020	1 January 2022

# SHAREHOLDING STATISTICS

AS AT 12 JULY 2021

Number of issued Shares : 165,578,415  
 Number of treasury shares : Nil  
 Class of shares : Ordinary shares  
 Voting rights : One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1	0.23	50	0.00
100 – 1,000	85	19.27	62,000	0.04
1,001 - 10,000	259	58.73	1,112,552	0.67
10,001 - 1,000,000	83	18.82	4,717,598	2.85
1,000,001 and above	13	2.95	159,686,215	96.44
<b>Total</b>	<b>441</b>	<b>100.00</b>	<b>165,578,415</b>	<b>100.00</b>

No.	Name	No. of Shares	%
1	LIM KEEN BAN HOLDINGS PTE LTD	52,657,490	31.80
2	HENRY TAY YUN CHWAN	21,038,700	12.71
3	MING YAW PTE LTD	18,203,935	10.99
4	RAFFLES NOMINEES(PTE) LIMITED	12,320,700	7.44
5	YU CHUEN TEK	8,835,015	5.34
6	LONG FOO PIENG	8,270,000	4.99
7	RENNICK PTE LTD	7,310,000	4.41
8	FOO SEE JIN MICHAEL	7,107,320	4.29
9	YU LEE CHIUN	6,880,010	4.16
10	YU YUNG TEK	6,880,010	4.16
11	PHILLIP SECURITIES PTE LTD	3,897,000	2.36
12	DBS NOMINEES PTE LTD	3,515,400	2.12
13	LONG AH HIAN	2,770,635	1.67
14	HUI YI WAN	600,000	0.36
15	JEREMY TAN JUN DA	458,500	0.28
16	CHEAH YOK KIAN	350,000	0.21
17	TAN SOO YONG	250,000	0.15
18	LOH YONG HUAT	200,000	0.12
19	SEOW KHOW HO CATHERINE @SEOW KHOW HOE	161,900	0.10
20	LOH KAI YEEN	151,000	0.09
	<b>Total</b>	<b>161,857,615</b>	<b>97.75</b>

# SHAREHOLDING STATISTICS

## AS AT 12 JULY 2021

### SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 July 2021, approximately 22.05% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

### SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed interests	
	No. of Shares	%	No. of Shares	%
Lim Keen Ban Holdings Pte Ltd	52,657,490	31.80	-	-
LKB Private Trust Company Limited <sup>(1)</sup>	-	-	52,657,490	31.80
Lim Keen Ban <sup>(2)(3)</sup>	-	-	70,861,425	42.80
Chia Nyok Song@Cheah Yoke Heng <sup>(2)(3)</sup>	-	-	70,861,425	42.80
Lim Jit Ming <sup>(2)</sup>	-	-	52,657,490	31.80
Lim Jit Yaw <sup>(2)(3)</sup>	-	-	70,861,425	42.80
Lim Yin Chian <sup>(2)(3)</sup>	-	-	70,861,425	42.80
Henry Tay Yun Chwan	21,038,700	12.71	-	-
Ming Yaw Pte Ltd	18,203,935	10.99	-	-
Yu Chuen Tek <sup>(4)</sup>	8,835,015	5.34	7,428,000	4.49
Maria Norma D Yu <sup>(4)</sup>	118,000	0.07	16,145,015	9.75

Notes:

- (1) LKB Private Trust Company Limited ("PTC") is trustee of a trust constituted by Mr Lim Keen Ban, Mdm Chia Nyok Song@Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian which holds all the shares in Lim Keen Ban Holdings Pte Ltd and is deemed to be interested in the shares in the Company held by Lim Keen Ban Holdings Pte Ltd.
- (2) Mr Lim Keen Ban, Mdm Chia Nyok Song@Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian are deemed interested in the 52,657,490 shares held by Lim Keen Ban Holdings Pte Ltd. through PTC.
- (3) In addition, Mr Lim Keen Ban, Mdm Chia Nyok Song@Cheah Yoke Heng, Mr Lim Jit Yaw and Ms Lim Yin Chian are deemed to be interested in the 18,203,935 shares held by Ming Yaw Pte Ltd.
- (4) Mr Yu Chuen Tek is the spouse of Mdm Maria Norma D Yu. Both jointly owned Rennick Pte Ltd. Mr Yu Chuen Tek is deemed to be interested in the 118,000 shares held by Mdm Maria and 7,310,000 shares held by Rennick Pte Ltd. Mdm Maria is deemed to be interested in the 8,835,015 shares held by Mr Yu and 7,310,000 shares held by Rennick Pte Ltd.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Cortina Holdings Limited will be held by electronic means on Thursday, 26 August 2021 at 10.00 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2021 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 4.5 cents per share for the financial year ended 31 March 2021 (2020: a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 0.5 cents per share). **(Resolution 2)**
3. To approve the Directors' Fee of S\$709,406 for the financial year ending 31 March 2022 (2021: S\$589,875). **(Resolution 3)**
4. To re-elect the following directors who will retire by rotation pursuant to Article 91 of the Company's Constitution and whom being eligible, are offering themselves for re-election:
  - (i) Mr Lim Jit Ming **(Resolution 4)**
  - (ii) Mr Yu Chuen Tek **(Resolution 5)**
  - (iii) Mr Lau Ping Sum Pearce **(Resolution 6)****(See Explanatory Note 1)**
5. To re-appoint RSM Chio Lim LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

### 6. Authority to allot and issue shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to:

- (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
    - (A) new shares arising from the conversion or exercise of convertible securities, and
    - (B) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
    - (C) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

and adjustments in accordance with (A) or (B) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution, and

- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”  
**(Resolution 8)**  
**(See Explanatory Note 2)**

## 7. Approval for the continued appointment of Mr Lau Ping Sum Pearce as Independent Director

- (A) That contingent upon the passing of Resolution 6 and Resolution 9B and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (which will take effect from 1 January 2022), the continued appointment of Mr Lau Ping Sum Pearce as an Independent Director with effect from 1 January 2021 be and is hereby approved by shareholders of the Company; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.  
**(Resolution 9A)**  
**(See Explanatory Note 3)**
- (B) That contingent upon the passing of Resolution 6 and Resolution 9A and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the continued appointment of Mr Lau Ping Sum Pearce as an Independent Director with effect from 1 January 2022 be and is hereby approved by shareholders of the Company excluding the Directors and the Group Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST); and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.  
**(Resolution 9B)**  
**(See Explanatory Note 3)**



# NOTICE OF ANNUAL GENERAL MEETING

## 8. Approval for the continued appointment of Mr Chin Sek Peng Michael as Independent Director

(A) That contingent upon the passing of Resolution 10B and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the continued appointment of Mr Chin Sek Peng Michael as an Independent Director with effect from 1 January 2021 be and is hereby approved by shareholders of the Company; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

**(Resolution 10A)**  
**(See Explanatory Note 3)**

(B) That contingent upon the passing of Resolution 10A and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the continued appointment of Mr Chin Sek Peng Michael as an Independent Director with effect from 1 January 2022 be and is hereby approved by shareholders of the Company excluding the Directors and the Group Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST); and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

**(Resolution 10B)**  
**(See Explanatory Note 3)**

## 9. Approval for the continued appointment of Mr Foo See Jin as Independent Director

(A) That contingent upon the passing of Resolution 11B and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the continued appointment of Mr Foo See Jin as an Independent Director with effect from 1 January 2022 be and is hereby approved by shareholders of the Company; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

**(Resolution 11A)**  
**(See Explanatory Note 3)**

(B) That contingent upon the passing of Resolution 11A and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the continued appointment of Mr Foo See Jin as an Independent Director with effect from 1 January 2022 be and is hereby approved by shareholders of the Company excluding the Directors and the Group Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST); and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

**(Resolution 11B)**  
**(See Explanatory Note 3)**

## ANY OTHER BUSINESS

10. To transact any other business that may be properly transacted at an Annual General Meeting.

## BY ORDER OF THE BOARD

Foo Soon Soo  
Company Secretary

11 August 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

1. Detailed information on Mr Lim Jit Ming, Mr Yu Chuen Tek and Mr Lau Ping Sum Pearce can be found under the “Board of Directors” section in the Company’s Annual Report 2021.

Mr Lim Jit Ming, upon being re-elected as a Director of the Company, remain as Executive Director and Group Chief Executive Officer of the Company.

Mr Yu Chuen Tek will, upon being re-elected as a Director of the Company, remain as Executive Director and Chief Corporate Affairs Officer of the Company.

Mr Lau Ping Sum Pearce will, upon being re-elected remain as Chairman of the Remuneration Committee and member of the Nominating and Audit Committees. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

2. **Resolution 8**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the Resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of the Company’s shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
3. With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provides that a director will not be independent if he has been a director for an aggregate period of more than 9 years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer and their respective associates (who must not accept appointment as proxies unless specific instructions as to voting are given) (“two-tier voting”).

Mr Lau Ping Sum Pearce, Mr Chin Sek Peng Michael and Mr Foo See Jin are Independent Directors who have served on the Board for more than 9 years and will cease to be regarded as independent on 1 January 2022 when Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST comes into effect, unless their continued appointment as Independent Directors from 1 January 2022 are approved under the two-tier voting process as mentioned above. Resolutions 9A, 9B, 10A, 10B, 11A and 11B are in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect on 1 January 2022. Each of Mr Lau Ping Sum Pearce, Mr Chin Sek Peng Michael and Mr Foo See Jin will be subject to the two-tier voting as aforesaid.

If both resolutions on each of their continued appointment as an Independent Director are passed under the first-tier and second-tier voting, such Independent Director will continue in office as an independent director until the conclusion of the third AGM of the Company following the passing of the resolutions or his retirement or resignation whichever is the earlier.

# NOTICE OF ANNUAL GENERAL MEETING

The two-tier voting is contingent upon each other. If a resolution did not pass the first-tier voting or having passed the first-tier voting, did not pass the second-tier voting, the Director concerned will continue in office as an Independent Director up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Executive and Non-Independent Director as of and with effect from 1 January 2022. Upon such re-election (where applicable) and re-designation, the Board and the Nominating Committee will, guided by the criteria in the Listing Manual of the SGX-ST and the Code of Corporate Governance (the “Code”), review the composition of the Board as well as the Audit Committee, Remuneration Committee and Nominating Committee, so as to ensure that the compositions of the Board and of such committees comply with the requirements of the Listing Manual and the Code.

Lim Kim Ban Holdings Pte Ltd and Ming Yaw Pte Ltd, being associates of Mr Lim Keen Ban, Mr Lim Jit Ming and Mr Lim Jit Yaw, will abstain from voting on their shareholdings in the Company for Resolutions 9B, 10B and 11B. Directors who hold shares in the Company and their associates will abstain from voting on Resolutions 9B, 10B and 11B.

Information on Mr Lau Ping Sum Pearce, Mr Chin Sek Peng Michael and Mr Foo See Jin can be found under the “Board of Directors” section in the Company’s Annual Report 2021.

## NOTES:

1. The Annual General Meeting (“AGM”) will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.**

## Live Webcast:

2. Shareholders (including investors holding shares through Central Provident Fund (“CPF”) and Supplementary Retirement Scheme (“SRS”) may watch the AGM proceedings through the Live AGM Webcast by registering at <https://www.cortina.com.sg/cortina-agm/> (the “**Registration Link**”) by 10.00 a.m. on 23 August 2021 (the “**Registration Deadline**”) to enable the Company to verify their status.
3. Following verification, authenticated shareholders will receive an email by 10.00 a.m. on 25 August 2021 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.
4. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.
5. Shareholders who register by the Registration Deadline but do not receive an email response by 10.00 a.m. on 25 August 2021 may contact the Company by email to [cortina-agm@cortina.com.sg](mailto:cortina-agm@cortina.com.sg).

## Submission of Proxy Forms to Vote:

6. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.
7. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by:
  - (a) mail to 333 North Bridge Road #08-00 KH KEA Building Singapore 188721; or
  - (b) email to [cortina-proxyforms@kckcs.com.sg](mailto:cortina-proxyforms@kckcs.com.sg),

**by no later than 10.00 a.m. on 24 August 2021, being 48 hours before the time fixed for the AGM.**

# NOTICE OF ANNUAL GENERAL MEETING

8. CPF or SRS investors who wish to vote should approach their respective CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 16 August 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
9. **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

## Submission of Questions:

Shareholders may submit questions relating to the items on the agenda of the AGM to [cortina-agm@cortina.com.sg](mailto:cortina-agm@cortina.com.sg) stating their names and identification number for verification. All questions must be submitted by 10.00 a.m. on 18 August 2021.

10. The Company will endeavour to address the substantial and relevant questions at or before the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one month after the date of the AGM.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxies for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

## NOTICE OF BOOKS CLOSURE DATE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of the Cortina Holdings Limited (the "**Company**") will be closed on 7 September 2021 after 5:00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 up to 5.00 p.m. on 7 September 2021 will be registered to determine shareholders' entitlements to the proposed final dividend and special dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 7 September 2021 will be entitled to the proposed final dividend and special dividend.

The proposed dividends, if approved by shareholders at the Annual General Meeting to be held on 26 August 2021 will be paid on 17 September 2021.

## BY ORDER OF THE BOARD

Foo Soon Soo  
Company Secretary

11 August 2021

# CORPORATE LISTINGS

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## CORPORATE OFFICE

### **Cortina Holdings Limited**

391B Orchard Road  
#18-01, Ngee Ann City Tower B  
Singapore 238874  
Tel: (65) 6339 9447  
Fax: (65) 6336 4939

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## SINGAPORE

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## OFFICE

### **Cortina Watch Pte Ltd**

391B Orchard Road  
#18-01, Ngee Ann City Tower B  
Singapore 238874  
Tel: (65) 6339 9447  
Fax: (65) 6336 4939 / 6336 7913  
www.cortinawatch.com  
www.cortinawatch.online

### **Sincere Watch Limited**

8 Temasek Boulevard  
#23-03 Suntec Tower 3  
Singapore 038988  
Tel: (65) 6737 4592  
Fax: (65) 6733 0923  
www.sincere.com.sg  
www.sincerewatch.com

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## DISTRIBUTION DIVISION

### **Chronoswiss Asia Pte Ltd**

391B Orchard Road  
#18-06, Ngee Ann City Tower B  
Singapore 238874  
Tel: (65) 6271 9600  
Fax: (65) 6271 4711

### **Pacific Time Pte Ltd**

391B Orchard Road  
#18-06, Ngee Ann City Tower B  
Singapore 238874  
Tel: (65) 6271 9600  
Fax: (65) 6271 4711

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## MULTI-BRANDS

### **Cortina Watch Capitol Singapore**

15 Stamford Road  
#01-77/78/79/80  
Singapore 178906  
Tel: (65) 6384 3250  
Fax: (65) 6384 4143

### **Cortina Watch Paragon**

290 Orchard Road  
#01-13/14/15/16  
Singapore 238859  
Tel: (65) 6235 0084  
Fax: (65) 6738 1641

### **Sincere Fine Watches Jewel Changi Airport**

78 Airport Boulevard  
#01-202/203  
Singapore 819666  
Tel: (65) 6245 9348  
Fax: (65) 6214 3564

### **Cortina Watch Mandarin Gallery**

333A Orchard Road  
#01-07  
Singapore 238897  
Tel: (65) 6732 0892  
Fax: (65) 6732 0796

### **Cortina Watch Raffles City**

252 North Bridge Road  
#01-36/36A/36B  
Singapore 179103  
Tel: (65) 6339 9185  
Fax: (65) 6339 1566

### **Sincere Fine Watches Takashimaya S.C.**

391 Orchard Road  
#01-12  
Singapore 238872  
Tel: (65) 6733 0618  
Fax: (65) 6235 1204

## SINGAPORE

### MULTI-BRANDS

**Sincerewatch.com**  
**Takashimaya S.C.**  
391 Orchard Road  
#B1-03  
Singapore 238872  
Tel: (65) 6694 4181  
Fax: (65) 6694 4026

**Sincere Fine Watches**  
**Suntec City Mall**  
3 Temasek Boulevard  
#01-352 /356/358/360  
Singapore 038983  
Tel: (65) 6337 5150  
Fax: (65) 6336 5296

**Sincere Fine Watches**  
**The Shoppes At Marina Bay Sands**  
2 Bayfront Avenue  
#B2M-202/203  
Singapore 018972  
Tel: (65) 6634 9782  
Fax: (65) 6688 7563

### SPECIALIST

**Patek Philippe**  
**by Cortina Watch**  
**ION Orchard**  
2 Orchard Turn  
#02-01/02/03  
Singapore 238801  
Tel: (65) 6509 9238  
Fax: (65) 6509 9239

**Franck Muller**  
**by Sincere Watch**  
**Isetan Wisma Atria**  
435 Orchard Road  
#02-01  
Singapore 238877  
Tel: (65) 6734 8655  
Fax: (65) 6262 2137

**Tudor Studio**  
**by Sincere Watch**  
**Takashimaya S.C**  
391 Orchard Road  
#B1-02A  
Singapore 238872  
Tel: (65) 6694 4181  
Fax: (65) 6694 4026

**Patek Philippe**  
**by Cortina Watch**  
**The Shoppes At Marina Bay Sands**  
2 Bayfront Avenue  
#B2-239  
Singapore 018972  
Tel: (65) 6688 7008  
Fax: (65) 6688 7800

**Franck Muller**  
**by Sincere Watch**  
**Jewel Changi Airport**  
78 Airport Boulevard  
#01-204  
Singapore 819666  
Tel: (65) 6214 9001  
Fax: (65) 6214 3564

**Franck Muller**  
**by Cortina Watch**  
**Capitol Singapore**  
15 Stamford Road  
#01-74/75/76  
Singapore 178906  
Tel: (65) 6384 3250  
Fax: (65) 6384 4143

**Franck Muller**  
**by Sincere Watch**  
**The Shoppes At Marina Bay Sands**  
2 Bayfront Avenue  
#01-55/55A  
Singapore 018972  
Tel: (65) 6634 8825  
Fax: (65) 6634 8845

## MALAYSIA

### OFFICE

**Cortina Watch Sdn Bhd**

Suite 2206, 22nd Floor  
MailBox: CP31, Wisma Chuang  
No. 34 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: (603) 2148 8354 / (603) 2148 2814  
Fax: (603) 2145 1866

**Sincere Watch Sdn Bhd**

Suite 15-3, Level 15 Wisma UOA II  
21 Jalan Pinang  
50450 Kuala Lumpur  
Tel: (603) 2168 2700  
Fax: (603) 2168 2701

### MULTI-BRANDS

**Cortina Watch  
Fahrenheit 88**

G03, Ground Floor  
Fahrenheit 88  
No. 179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2142 1196 / (603) 2142 1171  
Fax: (603) 2142 1172

**Cortina Watch  
The Starhill**

UG29, Upper Ground Floor  
Starhill Gallery  
No. 181 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2144 1188 / (603) 2144 2188  
Fax: (603) 2144 3188

**Sincere Fine Watches  
Pavilion Kuala Lumpur**

Lot 2.09.01A, Level 2  
168 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2141 8418  
Fax: (603) 2141 8419

**Cortina Watch  
Imago Shopping Mall**

Lot G-08, G-09 & G-10A  
Imago Shopping Mall  
KK Times Square Phase 2  
Off Coastal Highway  
88100 Kota Kinabalu, Sabah  
Tel: (608) 8277 818 / (608) 8277 218  
Fax: (608) 8277 318

**Cortina Watch  
Suria KLCC**

Lot 110, First Floor, Suria KLCC  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: (603) 2164 5175 / (603) 2166 6355  
Fax: (603) 2166 5575

**Sincere Fine Watches  
Suria KLCC**

Lot G03M-P, Ground Floor, Suria KLCC  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: (603) 2166 2181  
Fax: (603) 2166 2182

### SPECIALIST

**Patek Philippe  
by Cortina Watch  
Suria KLCC**

G43 & G43B-C  
Ground Floor, Suria KLCC  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: (603) 2161 3611  
Fax: (603) 2161 3911

**Rolex  
by Cortina Watch  
Gurney Plaza Penang**

170-G-33/33A, Ground Floor  
Plaza Gurney, Persiaran Gurney  
10250 Penang  
Tel: (604) 227 1026 / (604) 227 1239  
Fax: (604) 227 0871

**Rolex  
by Cortina Watch  
The Starhill**

UG30, Upper Ground Floor  
Starhill Gallery  
No. 181 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2144 1811 / (603) 2144 3811  
Fax: (603) 2144 1899



## MALAYSIA

### SPECIALIST

**Patek Philippe  
by Cortina Watch  
JW Marriott**  
LL1, Main Lobby  
JW Marriott Hotel Kuala Lumpur  
No. 183, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2144 7833  
Fax: (603) 2144 7877

**Tag Heuer  
by Cortina Watch  
Suria KLCC**  
Lot 105B, First Floor, Suria KLCC  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: (603) 2164 2118  
Fax: (603) 2164 4118

**A. Lange & Söhne  
by Sincere Watch  
Suria KLCC**  
Lot G03L, Ground Floor, Suria KLCC  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: (603) 2181 6868  
Fax: (603) 2181 2000

## THAILAND

### OFFICE

**Cortina Watch (Thailand) Co., Ltd**  
26/50, 14th Floor, Orakarn Building  
Soi Chidlom, Ploenchit Road, Lumpini  
Pathumwan, Bangkok 10330  
Tel: (66) 2254 1031  
Fax: (66) 2254 1030

**Pendulum Ltd.**  
518/5 Maneeya Center, 9/F  
Ploenchit Road, Patumwan,  
Lumpini, Bangkok 10330  
Tel: (66) 2 254 8371  
Fax: (66) 2 254 8370

### MULTI-BRANDS

**Cortina Watch  
Central Embassy**  
Room no. G-02, Central Embassy  
1031 Ploenchit Road  
Lumpini, Pathumwan  
Bangkok 10330  
Tel: (66) 2160 5724  
Fax: (66) 2160 5725

**Cortina Watch  
Central Plaza Ladprao**  
Room 103, 1st Floor  
Central Plaza Ladprao  
1697 Phahonyothin Road, Chatuchak  
Chatuchak, Bangkok 10900  
Tel: (66) 2937 0890  
Fax: (66) 2937 0895

**Cortina Watch  
Erawan Bangkok**  
Room 01-15A, 1st Floor  
Erawan Bangkok  
494 Ploenchit Road, Lumpini  
Pathumwan, Bangkok 10330  
Tel: (66) 2250 7881  
Fax: (66) 2250 7882

**Cortina Watch  
Espace: Erawan Bangkok**  
Room 109, 110, 112, 116  
1st Floor, Erawan Bangkok  
494 Ploenchit Road, Lumpini  
Pathumwan, Bangkok 10330  
Tel: (66) 2250 7999  
Fax: (66) 2250 7799

**Pendulum  
Central Festival Chiangmai**  
Unit 135/1-2, 1/F, 99-99/ 1-2 Moo 4  
Faham Muang Chiangmai  
Chiangmai 50000  
Tel: (66) 52 001295  
Fax: (66) 52 001298

**Pendulum  
Central World**  
Unit A105, 1/F, 4,4/1-4/2,4/4  
Rajdamri Road, Patumwan Bangkok  
10330  
Tel: (66) 2 252 4494  
Fax: (66) 2 252 4492

**Pendulum  
Siam Paragon**  
Unit M 24-25, M/F, 991 Rama 1  
Road, Patumwan Bangkok 10330  
Tel: (66) 2 610 9423  
Fax: (66) 2 610 9424

# CORPORATE LISTINGS

## THAILAND

### SPECIALIST

#### IWC

##### by Pendulum

##### Siam Paragon

Unit M 39B, M/F, 991 Rama 1 Road,  
Patumwan Bangkok 10330

Tel: (66) 2 610 9466

Fax: (66) 2 610 9469

#### Franck Muller

##### by Pendulum

##### Siam Paragon

Unit M 24-25, M/F, 991 Rama 1  
Road, Patumwan Bangkok 10330

Tel: (66) 2 610 9426

Fax: (66) 2 610 9424

#### Breitling

##### by Pendulum

##### Siam Paragon

Unit 252, 2/F, 991 Rama 1 Road,  
Patumwan, Bangkok 10330

Tel: (66) 2 481 9260

#### A. Lange & Söhne

##### by Pendulum

##### Siam Paragon

Unit M51, M/F, 991 Rama 1 Road,  
Patumwan Bangkok 10330

Tel: (66) 2 129 4991

Fax: (66) 2 129 4992

#### Panerai

##### by Pendulum

##### Siam Paragon

Unit M 24-25, M/F, 991 Rama 1  
Road, Patumwan Bangkok 10330

Tel: (66) 2 610 9290

Fax: (66) 2 610 9424

#### Breitling

##### by Pendulum

##### Siam Premium Outlets

Unit G12B, G/F, 989 Moo 14,  
Bang Sao Thong, Bang Sao Thong,  
Samutprakarn 10570

Tel: (66) 2 022 0292

## TAIWAN

### OFFICE

#### Cortina Watch TW Pte Ltd

9F, No. 97, Songren Road,  
Xinyi District, Taipei City 110

Tel: (886) 2 8780 5088

Fax: (886) 2 8780 2090

### MULTI-BRANDS

#### Cortina Watch

##### Hotel Royal Nikko Taipei

No. 37-1, Section 2  
Zhongshan North Road, Taipei 104

Tel: (886) 2 2563 3538

Fax: (886) 2 2563 7698

### SPECIALIST

#### Patek Philippe

##### by Cortina Watch

##### Taipei 101 Mall

2F, No. 45, Shifu Road, Taipei

Tel: (886) 2 8101 8201

Fax: (886) 2 8101 8222

# CORPORATE LISTINGS

## HONG KONG

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### OFFICE

**Cortina Watch HK Limited**

3/F Wing Cheong House

53 Queen's Road Central

Tel: (852) 2537 6236

Fax: (852) 2537 9612

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### SPECIALIST

**Patek Philippe**

by Cortina Watch

**Queen's Road Central**

53, Queen's Road Central

Ground Floor

Tel: (852) 2522 0645

Fax: (852) 2522 8898

## INDONESIA

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### SPECIALIST

**Patek Philippe**

by Cortina Watch

**Plaza Indonesia**

Level 1, #34-38

Jalan M.H. Thamrin Kav 28 - 30

Jakarta 10350

Tel: (6221) 2992 4555

Fax: (6221) 2992 4333

## AUSTRALIA

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### SPECIALIST

**Franck Muller**

by Sincere Watch

119 COLLINS STREET

Melbourne, Victoria 3000 Australia

Tel: (613) 9650 0288

Fax: (613) 9650 2788

# CORTINA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
Registration No. 197201771W

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT

1. This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore), including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 16 August 2021.) Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions.

### PERSONAL DATA PRIVACY

2. By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 August 2021.

I/We, \_\_\_\_\_

of \_\_\_\_\_  
being \*a member/members of Cortina Holdings Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on Thursday, 26 August 2021 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

**In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

**Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] or cross (x) within the box provided.**

No.	Ordinary Resolutions	No. of Votes or to indicate with a tick[√] or cross (x) <sup>1</sup>		
		For	Against	Abstain
	<b>Ordinary Business</b>			
1.	To receive and adopt the Audited Financial Statements of the Company			
2.	To approve final and special dividends for the financial year ended 31 March 2021			
3.	To approve Directors' fee for the financial year ending 31 March 2022			
4.	To re-elect Mr Lim Jit Ming as Director.			
5.	To re-elect Mr Yu Chuen Tek as Director.			
6.	To re-elect Mr Lau Ping Sum Pearce as Director			
7.	To re-appoint RSM Chio Lim LLP as Auditors of the Company.			
	<b>Special Business</b>			
8.	To authorize Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
9A.	To approve Mr Lau Ping Sum Pearce to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(A) (first-tier voting)			
9B.	To approve Mr Lau Ping Sum Pearce to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(B) (second-tier voting)			
10A.	To approve Mr Chin Sek Ping Michael to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(A) (first-tier voting)			
10B.	To approve Mr Chin Sek Ping Michael to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(B) (second-tier voting)			
11A.	To approve Mr Foo See Jin to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(A) (first-tier voting)			
11B.	To approve Mr Foo See Jin to continue as Independent Director in accordance with Rule 210(5)(d)(iii)(B) (second-tier voting)			

<sup>1</sup> All resolutions would be put to vote by poll in accordance with the listing rules of Singapore Exchange Securities Limited. Please tick "√" or cross (x) or indicate the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from voting on the relevant resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

**Total Number of Shares Held**

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal



**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

**NOTES:**

1. This instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
2. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be (a) submitted by mail to 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 or (b) submitted by email to cortina-proxyforms@kckcs.com.sg not later than 48 hours before the time set for the meeting.  
**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
4. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument of proxy lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
5. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
6. Personal data privacy: By submitting this instrument of proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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The Company Secretary  
**CORTINA HOLDINGS LIMITED**  
c/o 333 North Bridge Road  
#08-00 KH KEA Building  
Singapore 188721

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Lim Keen Ban, Anthony**  
Executive Chairman

**Mr Lim Jit Ming, Raymond**  
Executive Director & Group CEO

**Mr Yu Chuen Tek, Victor**  
Executive Director &  
Chief Corporate Affair Officer

**Mr Lim Jit Yaw, Jeremy**  
Executive Director &  
CEO of Cortina Watch Pte Ltd

**Mr Chin Sek Peng, Michael**  
Lead Independent Director

**Mr Lau Ping Sum, Pearce**  
Independent Director

**Mr Foo See Jin, Michael**  
Independent Director

**Mr Chuang Keng Chiew**  
Independent Director

## COMPANY SECRETARIES

**Ms Foo Soon Soo**  
FCIS, FCPA (Singapore),  
FCPA (Australia), LLB  
(HONS) (London)

**Ms Sapphira Low Bing Yoke**  
ACIS

## AUDIT COMMITTEE

**Mr Chin Sek Peng, Michael**  
Chairman

**Mr Lau Ping Sum, Pearce**

**Mr Chuang Keng Chiew**

## REMUNERATION COMMITTEE

**Mr Lau Ping Sum, Pearce**  
Chairman

**Mr Foo See Jin, Michael**

**Mr Chuang Keng Chiew**

## NOMINATING COMMITTEE

**Mr Chuang Keng Chiew**  
Chairman

**Mr Lau Ping Sum, Pearce**

**Mr Chin Sek Peng, Michael**

**Mr Yu Chuen Tek, Victor**

## REGISTERED OFFICE

391B Orchard Road #18-01  
Ngee Ann City Tower B  
Singapore 238874  
Tel: (65) 6339 9447  
Fax: (65) 6336 7913  
www.cortina.com.sg  
Co. Registration No.: 197201771W

## REGISTRAR AND SHARE TRANSFER OFFICE

**KCK CorpServe Pte Ltd**  
333 North Bridge Road  
#08-00 KH KEA Building  
Singapore 188721

Person-in-charge:  
Ms Foo Soon Soo

## AUDITORS

**RSM Chio Lim LLP**  
8 Wilkie Road #03-08  
Wilkie Edge  
Singapore 228095  
Partner-in-charge:

Ms Woo E-Sah  
(a member of the Institute of  
Singapore Chartered  
Accountants)  
Year of Appointment:  
Reporting year ended  
31 March 2017



**Cortina Holdings Limited**

391B Orchard Road #18-01 Ngee Ann City Tower B Singapore 238874

Tel: (65) 6339 9447 Fax: (65) 6336 4939 [www.cortina.com.sg](http://www.cortina.com.sg)

Co. Reg. No. 197201771W