

RESPONSE TO SGX QUERIES

The Board of Directors of Casa Holdings Limited (the “Company”) has received the queries on the announcement of its full year results for year ended 30 September 2018 and wishes to provide its response as follows:-

SGX’s queries:

We refer to Casa Holdings Limited’s (the “Company”) 29 November 2018 announcement on its Full Year Results.

1. On page 9 of the Company’s FY2018 full year results, the Company disclosed “Other gains of S\$2.6 million in FY2018 is largely due to gain on amortisation of interest-free payables of S\$1.2 million”. Please disclose the nature of this interest free payable and the details of the transaction which resulted in the Company having to amortise the payables to recognize gains of S\$2.6 million in FY 2018 when this is not the case in FY2017.

Reply by Company:

The interest free payables relate to advances from minority shareholders. These are their share of contributions to finance the monthly repayment of term loan arising mainly from the group’s development properties. These interest free advances are non-current and unsecured.

According to FRS39, financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. As the non-current payables (the “payables”) is non-interest bearing, the Company determined its fair value equal to the present value of the future payments of the payables discounted using the market interest rate. The difference between the carrying amount and the fair value of the payables at initial recognition was charged to profit or loss as gain on amortisation of S\$1.2 mil (2017: S\$2.2 mil). Gain on amortisation of interest-free payables of S\$2.2 million in FY 2017 was recognised and included under Other Losses - net.

2. The Company disclosed “The decrease in administrative expenses by S\$1.9 million is mainly due to FY2017 included an impairment loss on non-current other receivable amounting to S\$2.4 million”. Please elaborate on the nature of the non-current other receivable and what is the status of this non-current receivable. Please provide an update.

Reply by Company:

Impairment loss was made on non-current non-trade receivable from an associate company in China, Changzhou Asteras Air Conditioning Manufacturer (“CZ Asteras”) amounting to \$2.4 million. The loan was extended to CZ Asteras by the Company’s wholly-owned subsidiary corporation, Asteras Pte Ltd many years ago when CZ Asteras was its wholly-owned subsidiary corporation and has remained outstanding since then. Following the disposal of CZ Asteras by Asteras Pte Ltd on 31 August 2015, the loan has been impaired on FY 2017, after taking into consideration of the financial results and projected cashflow of CZ Asteras. Pls refer to Independent Auditors’ Report, page 24 of FY 2017 Annual Report for further information.

As at to date, the Group has 20% effective interest in CZ Asteras. The Group is closely monitoring the development of CZ Asteras.

By order of the Board

Lim Soo Kong

Executive Director and Chief Executive Officer

Date: 13 December 2018