

**Issuer:** Amara Holdings Limited

**Security:** Amara Holdings Limited

**Meeting details:**

Date: 25 April 2018

Time: 10.30 a.m.

Venue: Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539

## Company Description

Amara Holdings Limited, an investment holding company, engages in the hotel investment and management, property investment and development, and specialty restaurants and food services businesses in Singapore, the People's Republic of China, and Thailand. The company invests in and develops office, retail, and residential developments. It is also involved in share trading and investment activities; and the provision of construction services, as well as in the franchising business. In addition, the company offers management and technical advisory services for the management and development of hotels and resorts; and general management and administrative services. The company was incorporated in 1970 and is based in Singapore. Amara Holdings Limited is a subsidiary of Firsttrust Equity Pte Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=A34](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A34))

**Q1)** As noted in the CEO's Message, the group opened its "highly anticipated Amara Signature Shanghai, our very first luxury brand, after years of conceptualisation and execution".

Amara Signature Shanghai soft opened in February 2018 while 100 AM Shanghai is expected to soft open in the second half of 2018. The Putuo site was bought by the group from the Shanghai City Land Bureau in March 1997, with construction expected to start in January 1998 and completed in the second quarter of 2000.

- a) **What are the extenuating reasons for the 18-year delay for the hotel?**
- b) **Given the current conditions in Shanghai, how soon does management expect the hotel to breakeven?**
- c) **What is the committed occupancy rate of 100 AM Shanghai?**
- d) **With the land use rights of 40-45 years commencing from 1997, has the board considered how it could maximise the returns of the development in the remaining lease term?**

**Q2.** Also in the CEO's Message, it was said that the group will "continue to seek opportunities where [the group] can enhance the value of the properties" (page 6).

- a) **Can management update shareholders on the sales progress of the group's 33-unit boutique residential project at Jalan Mutiara, M5?**
- b) **With the T.O.P. of M5 expected in the first quarter of 2018, what are management's plans to maximise the value of the development for all shareholders?**
- c) **Has the board evaluated and reviewed why the sales progress of M5 has been slow?**
- d) **What are the lessons learnt from the M5 project that may be applicable as the group gets ready to launch the project at 29 and 31 Newton Road?**
- e) **Should the board also re-evaluate the group's rate of return from its property development? For instance, the company has held 29 Newton Road since 2011 and 5 Jalan Mutiara since 2009. What is the rate of return or IRR and, given the cost of capital for the group, what are the risk-adjusted returns for the group's historical property developments?**

**Q3.** In the Corporate Governance Report, the company has disclosed that it has not complied with Guideline 2.2 of the 2012 Code of Corporate Governance recommends that independent directors should make up at least half of the Board where the Chairman and the CEO is the same person, the Chairman is part of the management team or the Chairman is not an independent director.

It was disclosed that a suitable director who was to be appointed to the board was eventually unable to proceed with the appointment due to medical reasons.

- a) **Has the board re-started its search for additional independent directors?**
- b) **Please disclose the search and nomination process for new directors, especially independent directors.**
- c) **Can the nominating committee also disclose the qualities and desired competencies it is looking for in the new director to complement the skills and competencies of the existing board.**