



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

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Issuer: Amara Holdings Limited

Security: Amara Holdings Limited

Meeting details:

Date: 29 April 2019

Time: 10.30 a.m.

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

Company Description

Amara Holdings Limited is a Singapore-based investment holding company. The Company operates through three segments: hotel investment and management, property investment and development, and specialty restaurants and food services. The hotel investment and management segment includes Amara Hotels & Resorts, Amara Sanctuary Resort Sentosa, Amara Bangkok, Amara Signature Shanghai and Amara Singapore. The Company's property investment and development segment has a property portfolio, which consists of investments in office and retail, as well as residential development. It owns and manages a retail podium in the prime Tanjong pagar area. The specialty restaurants and food services segment includes Silk Road and Thanying restaurants, which are located at Amara Singapore. The Company's subsidiaries include Amara Hotel Properties Pte Ltd, TTH Development Pte Ltd, Creslin Pte Ltd, PCS Restaurants Investment Pte Ltd, Amara China Investments Pte Ltd and Creative Investments Pte Ltd.

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

Q1. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

- (i) Amara Signature Shanghai: As the first 5-star international hotel in the Changshou Road commercial zone, what is the occupancy rate and the average daily room rate? What is management's target of the Revenue per available room (RevPAR) once the asset is stabilised?**
- (ii) 100 AM Shanghai: In the last annual report, the company projected for the officer tower/retail mall to soft open in the second half of 2018. This has been delayed and it is now expected to open in the second half of 2019. Can management help shareholders understand its ability to execute on the group's strategic plan and meet stakeholders' expectations? What caused the delay?**
- (iii) Depreciation: The depreciation of property, plant and equipment increased from \$5.58 million in FY2017 to \$9.995 million in FY2018. Can management help shareholders understand how much of the increase is directly attributed to Amara Signature Shanghai and 100 AM Shanghai?**

Q2. The group's latest luxurious 56-unit development, 10 Evelyn, was launched in October 2018 with a show gallery located at 100 AM. The project consists of a mix of 1-bedroom and 2-bedroom units and 3-bedroom penthouses.

On 5 July 2018, the government announced new cooling measures that raised the Additional Buyer's Stamp Duty (ABSD) rates and tightened loan-to-value (LTV) limits on residential property purchases. Since then, the market sentiments have weakened significantly.

The sites, 29 and 31 Newton Road, that house 10 Evelyn were acquired years ago, as early as 2014.

- (i) What is the sales progress of 10 Evelyn?** On URA's website, it appears that 4 units with sizes between 506 square feet and 527 square feet were sold in October 2018 to January 2019.
- (ii) How has the group adjusted the launch plans of 10 Evelyn following the introduction of the cooling measures? Are sales progressing as expected?**
- (iii) In the current climate, what is management's expected/projected developer's margin?**

On 4 October 2018, in the SGXNet announcement titled "Amara Unveils Luxurious Residential Development, 10 Evelyn, in Prime District 11", the company had provided its profile as a developer as follows:

Solely developed by Amara, 10 Evelyn follows the success of Amara's proven track record of iconic boutique developments, such as the 30-unit freehold Killiney 118 development that has won several awards including the coveted SIA Architecture Design Awards for Residential Projects in 2013; and Singapore's first luxury hotel-inspired executive condominium, CityLife@Tampines, a joint development that had received overwhelming response upon its launch in 2012, selling 90% of all 514 units in two days.

The project just before 10 Evelyn is the group's 33-unit boutique residential project, M5, at Jalan Mutiara. According to online checks, it appears that M5 has sold less than 10 units even after the Temporary Occupation Permit (TOP) has been obtained since the first quarter of 2018.

- (iv) What lessons were gleaned from the M5 project that were applied to 10 Evelyn to ensure that 10 Evelyn can sell out prior to TOP?**

Q3. On 21 June 2018, the company appointed Mr Tan Tiong Cheng as an independent director.

The following is stated in his notice of appointment, under conflict of interests:

Mr Tan Tiong Cheng is President of Knight Frank Asia Pacific, a real estate agency. Mr Tan is also an Independent and Non-Executive Director of The Straits Trading Company Limited, UOL Group Limited and Heeton Holdings Limited, which engage in hospitality business and property investment and development.

- (i) Would the board/nominating committee (NC) help shareholders understand the search and nomination process for directors, especially independent directors?**
- (ii) Would Mr Tan be frequently put in a position where he would have conflicts of interests between the company and other boards he sits on?**
- (iii) How does the company ensure that its interests are protected? For instance, what safeguards are put in place to ensure that sensitive commercial information, such as participation in land tenders, private treaty opportunities, is handled carefully?**
- (iv) Even if a conflicted director recuse himself from certain sensitive discussion either in the company or on the board of the other company, the act of recusing oneself would still provide competitive information. How does the company mitigate such risks?**
- (v) As such, how effective can Mr Tan be, as an independent director?**

- (vi) In addition, can the NC elaborate further on the level of desired diversity on board?**

- (vii) For the long term success of the group, can the NC provide better clarity on the succession planning for the executive directors and key management personnel, including the team for the group's China operations? Please help shareholders understand the depth of its senior management team.**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Amara%20Holdings%20Ltd&cid=6347,4594>

The company's response could be found here: -----