Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Amara Holdings Limited

Stock code: A34

Meeting details:
Date: 9 June 2020
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. With the opening of Amara Signature Shanghai and 100 AM Shanghai in 2018 and 2019 respectively, the group's new investments are now operational. The portfolio now includes:

- Amara Singapore
- Amara Sanctuary Resort, Sentosa
- Amara Bangkok
- Amara Signature Shanghai
- 100 AM
- 100 AM Shanghai
- Specialty restaurants and food services
- Property development projects such as M5, 10 Evelyn and Bedok Avenue

(i) **Would management help shareholders understand how the group's operations in the key markets are impacted differently by the COVID-19 pandemic?**

(ii) **With the completion of the major developments in the group, can the company elaborate in greater detail the growth opportunities in the next 3-5 years?**

(iii) **Does the group see any silver lining during this challenging time? Would the group be exploring opportunistic acquisitions of prime assets?**

Q2. In the CEO's message, it was said that the group has "successfully launched [the] freehold, prime developments, 10 Evelyn off Newton Road and M5 at Jalan Mutiara".

In the operations reviews, management stated that the group's projects are well-located, tastefully designed and uniquely positioned and it is confident that these projects will resonate well with buyers and investors and stand out amidst the resilient Singapore property market.

Based on available information on URA, the group has sold 11 out of 33 units at M5 and 5 out of 56 units at 10 Evelyn. M5 obtained its temporary occupation permit in March 2018 while the estimated date of completion for 10 Evelyn is 2021.

Project Name	Street Name	Developer	Property Type	Locality	Total Number of Units in Project	Cumulative Units Launched to-date	Cumulative Units Sold to-date	Total Number of Unsold Units	Cumulative Units Launched but Unsold	Units Launched in the Month	Units Sold in the Month	Median Price ($psf) # in the Month Number Sold By Price Range	Lowest Price ($psf) # in the Month	Highest Price ($psf) # in the Month
10 EVELYN	EVELYN ROAD	Creative Investments Pte Ltd	Non-Landed	CCR	56	56	5	51	51	0	0	-	-	-
M5	JALAN MUTIARA	TTH Development Pte Ltd	Non-Landed	CCR	33	33	11	22	22	0	0	-	-	-

(Source: URA; data updated to April 2020, retrieved on 28 May 2020)

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(i) **Has management reviewed the reasons for the relatively slow sales at its development projects, especially M5 which was completed in the first quarter of 2018?**

(ii) **Has management gathered feedback from agents and prospective buyers on M5's location, design and layout?**

(iii) **Are the unsold completed units rented out? What are the costs to hold these completed properties?**

(iv) **Having successfully launched the developments, how does management intend to sell out the units at M5 and 10 Evelyn to de-risk the group and to realise the development profits?**

Q3. The Monetary Authority of Singapore updated its Code of Corporate Governance 2018 ("2018 Code") which came into effect for the financial year starting 1 January 2019. Compliance with the Principles in the 2018 Code is mandatory.

Rule 710 of the SGX-ST Listing Rules requires companies to comply with the Principles in the Code. Companies must explicitly state and explain how their practices are consistent with the intent of the relevant Principle.

In particular, Principles 7 and 8 of the Code are as follows:

> *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 the company, taking into account the strategic objectives of the company.*
>
> *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.*

The company has made the following disclosure on the remuneration of directors (page 64).

For confidentiality reasons and given the sensitivity of remuneration information, the Company believes that the disclosure of exact remuneration of Directors with breakdown is not in the best interests of the Company and therefore it wishes to maintain confidentiality on each individual Director's remuneration. Instead disclosures are made under the broad band of remuneration as follows:

	No. of Directors	
Remuneration Band	**2019**	**2018**
S$750,000 to below S$1,000,000	1	1
S$500,000 to below S$750,000	1	1
S$250,000 to below S$500,000	-	-
Below S$250,000	4	4
Total	6	6

(Source: company annual report)

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Principle 8 requires the company to be transparent on its remuneration policies, level and mix of remuneration amongst others. The company has not even named the two directors who received more than $250,000 to "maintain confidentiality". As required by Rule 710, companies have to explicitly state and explain how their practices are consistent with the intent of the principle. In that regard, the company practices appear not to be consistent with the intent of Principle 8.

As there are two executive directors, and Mr. Albert Teo Hock Chuan is the executive director/chief executive officer, a reader of the annual report would assume that he would be receiving the higher remuneration of $750,000-$1,000,000. One would also make an educated guess that Ms Susan Teo Geok Tin, being the other executive director, received a remuneration of $500,000-$750,000. All four non-executive directors received less than $250,000.

In Note 6 (page 117 – Other related party transactions), the company disclosed that the executive directors received $1.452 million. Accordingly, the range of the remuneration for the executive directors could be further adjusted to:

- Mr. Albert Teo: $750,000-$952,000
- Ms. Susan Teo: $500,000-$702,000

(i) **Would the board consider how it could improve on the remuneration disclosure to better comply with the intent of Principle 8 with regard to the disclosure of remuneration?** Stating that the disclosure is "not in the best interests of the company" does not appear to comply with the intent of Principle 8.

(ii) **Please disclosure the mix of remuneration to allow shareholders to assess the relationships between remuneration, performance and value creation.**

Similarly, on the disclosure of the remuneration of key management personnel ("KMP"), the company has stated the following:

> *The Company has many competitors in the same industry. By disclosing the top five key management personnel individually in bands of S$250,000, the Company is susceptible to poaching of its key management personnel in a highly competitive market place vying for talent. Loss of its key management personnel involves considerable loss of operational know-how and cost in recruitment of similar talent and gestation period for new key management personnel to be fully inducted into the Company's work practices. All these would impact its business competitive edge vis-à-vis its competitors. Disclosure of the names of the key management personnel will not be in the best interests of the Company from a business perspective.*

Contrary to what the company has stated, it is more likely that any competitor who is in the position to poach its KMPs would already know the identity, experience and track record of these KMPs. Shareholders depend on the board and on management to provide them with

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a balanced and understandable assessment of its performance, position and prospects, including an overview of the bench strength of the senior management team. Naming and showcasing the KMPs would also be a way to give them the recognition they deserve for contributing to the group's successes, thereby possibly strengthening their bonds with the group.

(iii) **Would the board consider providing the profiles of the KMPs and to include the remuneration practices with regard to the KMPs?** This would allow the company to comply with Provision 8.1 of the 2018 Code.

Provision 8.2 also requires the company to disclose the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000.

The company has deviated from the Code with the following explanation:

> *There are three employees who are immediate family members of Mr Albert Teo Hock Chuan, Director and CEO. They are his brother, sister and daughter and their remuneration individually exceeded S$100,000 during the year.*
>
> *The RC has oversight on the remuneration of the above-mentioned family members to ensure independence in remuneration of such immediate family members of the Directors and CEO. To indicate remuneration bands (including the upper limits) for each of them would give rise to visibility of their remunerations vis-à-vis their fellow colleagues who are not employees related to the Directors and CEO, and they would be unfairly disadvantaged while confidentiality of other employees' remuneration is maintained.*
>
> *The Company believes that it is not in the best interests of the Group to disclose the details as required under Provision 8.2 of the Code because of the highly competitive industry conditions and also because it wishes to maintain confidentiality for more harmonious and effective human resource management within the Group.*

(iv) **Would the remuneration committee help shareholders understand if the above-mentioned family members are remunerated relatively higher than their peers?** The company has stated that it wishes to maintain confidentiality for more harmonious and effective human resource management within the group. Disclosing the remuneration of the above-mentioned family members may lead to disharmony within the group if their remunerations are relatively higher than their comparable co-workers.

(v) **Would the board consider how it could reframe its approach to its obligations under the listing rules and instead leverage its strength as a listed company to drive the group forward?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)