Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Amara Holdings Limited

Stock code: A34

Meeting details:
Date: 27 April 2023
Time: 10.30 a.m.
Venue: Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) **Shanghai: What are the sentiments on the ground in China, in particular Shanghai, after COVID-related restrictions were lifted in December 2022?**

(ii) **Hotels: How is the group capitalising on the anticipated rebound in travel and hospitality?**

(iii) **100 AM Shanghai: Will the rejuvenation of 100 AM Shanghai require the partial or complete closure of the mall and will it require significant capital expenditure?**

(iv) **Other receivables:** The group recognised $5.37 million in gross other receivables that is in default since 2019 (recognised in 2020) and fully written down. **Can management help shareholders understand the nature of this other receivables and identify the counterparty? What are the efforts made by the management to collect on this long outstanding debt?**

Q2. In his message to shareholders, the CEO focused on "successfully launch[ing]" all of the group's developments. However, development properties carried on the books amount to $110.9 million in 2021 and $98.6 million in 2022. This excludes the 40%-owned ASK Development Pte. Ltd., a jointly controlled entity, that is developing Sanctuary@Newton.

10. DEVELOPMENT PROPERTIES

	Group	
	2022	2021
	$'000	$'000
Properties under development	16,340	82,788
Completed properties held for sale	82,238	27,303
	98,578	110,091

The group's development properties as at 31 December 2022 and 2021 are set out below:

	Address	Title	Stage of development/ Estimated date of completion	Actual/ Proposed gross floor area (sq m)	Description
(i)	9 Devonshire Road, Singapore	Freehold	Completed	234	Residential apartment
(ii)	5 Jalan Mutiara, Singapore	Freehold	Completed	2,345	Residential development of 1 block of 12 storey apartments
(iii)	10 Evelyn Road, Singapore	Freehold	Completed	3,941	Residential development of 4 blocks of 5 storey apartments
(iv)	15 Bedok Avenue, Singapore	Freehold	Under development/ 2023	1,076	Proposed residential development

(Source: company annual report)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

(i) **What is the breakdown of development properties by value and by project?** Note 10 shows that the group have $82.2 million in completed properties held for sale, and a further $16.3 million in carrying value of properties under development.

(ii) **How many units of 10 Evelyn and M5 remain unsold?**

The group has borrowing costs of 5.36% per annum (see Question 3). The CEO considers the group's project developments as "well-designed", "attractively priced" and having "prime locations". These should cater to discerning homeowners and real estate investors.

However, it is also noted that 10 Evelyn with 56 units was launched for sale in 2018 and M5 with 33 units was soft launched in September 2014.

(iii) **Would the lead independent director, aided by the newly appointed independent directors, carry out a strategic review of the group's track record in property development?** The review should also look at possible gaps between market expectations, buyers' preference, property norms in Singapore, and the group's strategy and its execution, including a review of the design, price point and location.

(iv) **In addition, would the independent directors consider working with management to develop strategies for the orderly monetisation of the development properties, with the aim of reducing the group's leverage and risk exposure, particularly in a high-interest rate environment?**

Q3. In FY2022, finance costs increased to $11.9 million from $8.3 million a year ago. In particular, interest expense on bank loans and overdraft increased by 61% to $9.95 million. The balance of interest expense relates to lease liabilities of $1.95 million.

Non-derivative financial liabilities (continued)

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustments $'000	Total $'000
Group						
31 December 2022						
Non-interest bearing	-	17,047	4,327	-	-	21,374
Lease liabilities (fixed rate)	5.35	2,018	6,401	124,005	(94,458)	37,966
Variable interest rate instruments	5.36	94,535	248,828	-	(28,358)	315,005
		113,600	259,556	124,005	(122,816)	374,345

(Source: company annual report)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

In 2021, the variable interest rate instruments had weighted average effective interest rate of 1.69%. The rates have increased to 5.36% in 2022.

In Note 21 (Bank loans), management has disclosed the following (page 137):

> *The weighted average effective interest rates for the bank loans is **5.36%** (2021: 1.69%) per annum for the group. These loans have maturity dates ranging from March 2023 to July 2026 (2021: March 2022 to July 2026) and are based on floating rates.*
>
> *Under current liabilities, the group has certain bank loans from financial institutions totalling $24,283,000 (2021: $NIL) which **did not meet the covenant tests** as at the end of the reporting period due to the impact of COVID-19 on business operations and the waiver from those financial institutions were received subsequent to year end. Out of the total loans of $24,283,000, a long-term bank loan of $18,221,000 was classified from non-current liabilities to current liabilities as at 31 December 2022.*

The outstanding quantum stands at over $315 million as at 31 December 2022. Based on this, the interest payment on bank loans alone will further increase to an estimated $16.9 million in 2023, higher than $9.95 million paid in 2022, i.e., an estimated increase of as high as $7 million.

(i) **Can the audit committee confirm that the group had not hedged its interest rate risks? Was interest rate risk a key risk identified by the board and if so, what deliberations did the audit committee (AC) have over proactively managing this risk?**

In addition, the group did not meet its covenant tests.

(ii) **What are the covenant terms? And how is management addressing the underlying issue even though a waiver from those financial institutions has been received subsequent to year end?**

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

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US