



BUSINESS UPDATE ON IMPACT OF COVID-19 PANDEMIC

The Board of Directors of Amara Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) refers to its announcement on 7 April 2020 that following the amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, its unaudited financial statements will be released on a semi-annual basis. The next unaudited financial results announcement will be for the half-year ending 30 June 2020.

Notwithstanding the foregoing and amidst the COVID-19 pandemic, the Company wishes to update its shareholders on the impact of the COVID-19 pandemic on its businesses.

Operations

The Group’s overseas operations in the Hotel Investment and Management segment were first affected after the initial reports of COVID-19 outbreak in China in January 2020. The Group’s hotel in Shanghai, Amara Signature Shanghai, has been operating at low occupancies since late January 2020 and its food & beverage outlets were closed from February 2020 to April 2020.

Amara Bangkok has been affected by the COVID-19 outbreak since March 2020 after many countries started to impose border control measures. It has been closed since 10 April 2020 as mandated by the Thai Government following the declaration of a State of Emergency in Thailand. Barring any unforeseen changes, Amara Bangkok is scheduled to reopen in July 2020.

In Singapore, the Group’s two hotels, Amara Singapore and Amara Sanctuary Resort Sentosa, have also been negatively affected since progressive border control measures imposed by the Singapore Government started in late January 2020, coupled with travel restrictions and lockdowns imposed by other countries, and the postponement or cancellation of MICE and social events.

The Group’s Property Investment and Development segment has also been disrupted. All construction works on the Group’s property developments have stopped since the Circuit Breaker started on 7 April 2020. As a result, the completion dates of the Group’s property development projects in progress are expected to be delayed.

For investment properties, retail and F&B businesses have been impacted by the decline in customer demand, strict safe distancing measures and closures of non-essential services. Following the Circuit Breaker measures in place in Singapore, some of the Group’s retail tenants in Singapore have temporarily suspended operations. To support its tenants in tiding over this difficult period, the Group is providing support and assistance to eligible tenants in Singapore and Shanghai such as rental rebates and offsetting of cash security deposit, and also passing on the full amount of property tax rebates to the tenants of 100 AM Singapore. A comprehensive range of precautionary measures has been implemented across the Group’s properties, such as stepping up the frequency of cleaning of public areas, temperature screening, contact tracing and implementation of safe distancing measures.

As food and beverages are considered an essential service, the Group’s Specialty Restaurants and Food Services segment has continued operations throughout the Circuit Breaker period albeit with delivery and takeaway only, and with safe distancing measures in place. The revenue from this segment has also been affected with many offices closed and adoption of work from home practices.

Outlook

The COVID-19 pandemic is unprecedented. Given its continuously evolving situation and uncertainty of when the pandemic may be effectively contained, the full extent of the COVID-19 impact on the financial performance of the Company and the Group cannot be conclusively determined at present. However, in light of the COVID-19's pervasive health and economic impact globally, along with its devastating effects on the tourism industry and food and beverage businesses, the Group expects its financial performance for 2020 to be severely impacted but remains optimistic of the hotel industry's prospects in the long term.

Mitigating Factors

The Group has activated its business continuity plans at all its business units, put in place cost-containment measures such as reduction of casual labours, leave clearance, and deferred all discretionary expenses and non-critical capital expenditures. For all its properties, the Group has implemented strict precautionary measures to ensure the health and safety of all its tenants and staff.

The Group is also tapping into the various supports by the Singapore Government to tide better through the pandemic, such as the Enhanced Jobs Support Scheme, waiver of foreign worker levies and various subsidies. These initiatives will provide some cushioning effect in the near term.

The Group will continue to work on training and upskilling its staff, improving internal processes and operational efficiencies to prepare for when the market recovers.

Financial Position

Despite the challenges from the COVID-19 outbreak, the Group will remain financially prudent and maintain operation agility to conserve essential resources to prepare for post-pandemic recovery process. The Group's gearing ratio remained healthy and it is well supported by its principal bankers and available banking facilities. There are no material concerns over the Group's ability to fulfil its near-term debt obligations.

The Group will closely monitor and adapt to the changing COVID-19 situation through pro-active management, and remains committed to the delivery of long term value to its shareholders.

By Order of the Board

Susan Teo Geok Tin / Foo Soon Soo
Company Secretaries

8 June 2020