

CEO'S
MESSAGE

Dear Valued Shareholders,

I am pleased to report that over the past few years, we have made notable progress in our quest towards realising our vision of becoming a leading integrated lifestyle group in Asia.

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businesses – Hotel Investment and Management, Property Investment and Development and Specialty Restaurants and Food Services – in terms of further enhancements to our branding, as well as product and service offerings. We also remained focused and steadfast in our efforts to forge ahead with our asset rationalisation strategy – divesting poor performing associated companies and focusing on higher-yielding assets – which has boosted our performance during the year under review.

As such, we have endeavoured to prepare the ground firmly to position Amara as a leading premier integrated lifestyle group with strong footing in each of the three business segments that form the Group's growth pillars – Hotel Investment and Management, Property Investment and Development as well as Specialty Restaurants and Food Services.

FINANCIAL REVIEW

For the financial year ended December 31, 2006 ("FY2006"), the Group achieved a higher revenue of S\$79.8 million, an impressive increase of 24.6% compared to S\$64.0 million recorded in the previous financial year. The increase was primarily attributed to better turnover contributions from the Group's two key business segments, namely, the Hotel Investment and Management segment as well as the Property Investment and Development segment.

The Group's Hotel Investment and Management segment, which made up 41.7% of the Group's turnover for FY2006, performed well. The turnover generated from this segment increased 14.7% to S\$33.2 million during the year under review.

As for the Group's Property Investment and Development segment, it generated a turnover of S\$42.8 million in FY2006, up 42.3% from previous year. This improvement in turnover is attributable to collections receivable upon obtaining TOP by one of our projects as well as the Group's sales of more property units in FY2006.

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CORPORATE DEVELOPMENT

2006 reflects our commitment to capitalise on new opportunities that will better position us for long-term sustainable growth. Our Hotel Investment and Management segment performed well, driven by the increase in regional tourism and travel. Our flagship hotel in Singapore, Amara Singapore has benefited from this boom and has enjoyed higher revenue per available room ("RevPAR") for FY2006.

The Singapore private residential market performed well in 2006. For our Property Investment and Development segment, we benefited from the growth in the high-end property segment and achieved commendable turnover from the sale of our residential property development The Linear, our

Kenzo Tange concept designed private residential property, a tranquil suburban living experience located in Upper Bukit Timah.

Looking North, China remains the most dynamic and watched market in Asia. It is believed that economic development and increasing foreign investments in markets like Shanghai, Beijing, Guangzhou and Shenzhen, along with the deregulation of banking and legal sectors as well as rising income, will drive property values. Though China has implemented cooling policies aimed at stabilising the property market there, the underlying market fundamentals are still intact, underpinned by its infrastructure building programme, growing economic growth and travel deregulation.

Set against such a background, we believe that China remains a good long-term investment with their structural change in employment base into white-collar employment. This structural reform and development of the service sector will drive real-estate investment for the next decade.

The Group completed various acquisitions of shares from minority shareholders that increased the Group's effective holdings in Shanghai Amara Hotel Co., Ltd ("SAHCL") to 92.08%.

SAHCL is now well poised to be our strategic vehicle to spearhead the Group's investment initiatives in China. We are confident that these strategic initiatives will better position us to move ahead with our expansion plans in China.

Our Specialty Restaurants and Food Services segment continues to perform well during the year under review. Apart from strengthening our presence locally, we will continue to examine the feasibility of establishing our restaurants with strong brands overseas.

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Going forward, we expect Amara Sanctuary Resort, Sentosa and Amara Signature Shanghai to be notable revenue contributors in future.

FUTURE OUTLOOK AND PROSPECTS

Looking ahead, the regional travel industry is expected to continue to perform well. Such positive industry sentiments should augur well for the Group's regional hotel as well as food and beverage operations. To capitalise on these positive trends, we remain committed to refine and improve our hotel management operations by building a consistent fee-based income – managing hotels rather than owning them – a hallmark of our asset-light strategy.

Going forward, we expect Amara Sanctuary Resort, Sentosa and Amara Signature Shanghai to be notable revenue contributors in future. Slated for completion in the second quarter of 2007, Amara Sanctuary Resort, Sentosa, our very first boutique resort, will benefit from the remaking of Sentosa Island into a premier leisure and recreational destination, with its masterplan for an Integrated Resort which is scheduled to be opened in 2010.

Indeed, the positioning for our hotel brands has been well defined. Amara Hotels are contemporary Asian business hotels offering a friendly environment in which to relax or do business. Amara Signature Hotels and Amara Sanctuary Resort are stylish contemporary Asian luxury hotels and resorts, offering unique environment in which to relax or do business.

We are also establishing our presence in Shanghai where we are developing Amara Signature Shanghai. A mixed development, Amara Signature Shanghai will comprise a 400-room hotel, a shopping centre and an office building. Amara Signature Shanghai is strategically located with a critical mass of more than 1.5 million households within a three kilometres radius. We are confident that this flagship project in Shanghai will provide added stability to the Group's earnings base because of the recurring revenue streams we can derive from the office tower and retail centre. We are also confident that Amara Signature Shanghai will benefit from its excellent location within the city centre as well as Shanghai's renowned status as one of Asia's financial centres.

We are delighted with the progress we have made so far and we will continue to adopt and expand our asset-light strategy in favour of management contracts. We will also strive to grow our existing portfolio of businesses by proactively seeking opportunities that will diversify our geographical exposures as well as meet our investment yield criteria, both locally and regionally. Ultimately, we aim to establish a strong pan-Asian



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presence in both key gateway locations and emerging markets in the Asian region. In addition, we are confident that Amara is well poised to tap on the opportunities offered with the improving regional property sector. We are positive that the Group's property segment will reflect the renewed optimism.

APPRECIATION

In conclusion, I am grateful to you, our valued shareholders, who have invested in Amara. You have displayed tremendous support and commitment to partner us in building sustainable long-term shareholder value. To reward our loyal shareholders, I am delighted to announce that the Board is recommending a first and final dividend of 0.5 SGD cents per share (less tax)

for the financial year ended December 31, 2006. The proposed dividend will be subject to approval at our Annual General Meeting on April 27, 2007.

Finally, thanks to the commitment as well as outstanding work and efforts of more than 500 colleagues across the Group in all our markets, we have successfully completed the last two years of rationalisation. Their performance this past year has given me huge confidence in our ability to chart bold new grounds in the Asian lifestyle and hospitality sector. With the continued support from our dedicated colleagues, our Board of Directors, our business partners around the region and the investment community, I believe our clear organic growth strategy will further strengthen our business and create additional value for our shareholders.

Mr Albert Teo Hock Chuan
Chief Executive Officer