

LANDMARKS

LANDMARKS BERHAD

(185202-H)

28th Annual General Meeting

24 May 2017

Question and Answer

Q1. When does the Group expect to achieve positive results with its past non-performance and losses incurred in 2016?

A1. The Company is working towards achieving breakeven in recurring income to offset costs in the current financial year. With the launch of the sales of the Chiva-Som Bintan villa residences in 2017, the Group could expect and targets to achieve positive performance by 2018.

Q2. What are the Board's plans to realise the value of the assets in Indonesia to increase recurring income and generate profits for the Group?

A2. The infrastructure works and facilities in Phase 1 of Treasure Bay Bintan have been completed. The first product, The Canopi, with 40 tents has been in operation for one year and, from June 2017, an additional 60 tents will be available for sale. The activities at Chill Cove have been increased and expected to bring in more revenue in 2017. The Marine Life Park is now under construction and will be another revenue stream from 2018. All these will bring in recurring income to offset costs in the future years.

The game-changing product for Treasure Bay Bintan and Bintan island is Chiva-Som Bintan, which will be the first wellness retreat of Chiva-Som outside Hua Hin, Thailand. The income from the sales of the villa residences is expected to generate profit for the Group from 2018.

Q3. How much is the capital expenditure to maintain The Andaman and when is the expected next upgrade?

A3. The annual maintenance for The Andaman is budgeted at 3% of revenue and the upgrade cycle is between 7 – 10 years. As the recent refurbishment was completed in 2013, the Board does not foresee major capital expenditure for upgrading of The Andaman in the immediate future.

Q4. How does the management ensure security at Treasure Bay Bintan?

A4. Treasure Bay Bintan is located within Lagoi on Bintan island. Lagoi is a privately owned location with a cordoned security gate where local Indonesians from Bintan are required to register before entering. The management works with the local police and marine police to ensure security at Treasure Bay Bintan and the bay.

- Q5. Has the management put in place systems to control water borne diseases such as leptospirosis in the Crystal Lagoon at Treasure Bay Bintan that could affect business?
- A5. The Crystal Lagoon has a filtration system with added chlorine to maintain the cleanliness of the sea water in the lagoon. Daily cleaning of the lagoon as well as the surrounding landscape is carried out to maintain a clean environment to control diseases.
- Q6. Revenue for financial year 2016 has increased from RM61.9 million to RM83.2 million. However, Administrative expenses has increased by RM19.3 million and Other operating expenses has increased by RM7.5 million, resulting in operating losses increasing from RM19.5 million to RM37.4 million. What are the expenses that have contributed to the increase during the year?
- A6. The increase in the Administrative expenses was contributed mainly by staff costs with the ramp up in operations at Treasure Bay Bintan like for The Canopi, while Other operating expenses include depreciation and the write off of capital work-in-progress.
- Q7. What is the cost to build each tent at The Canopi?
- A7. The cost to build each tent is about SGD75,000, inclusive of the cost of infrastructure.