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海天地悅旅集團有限公司
S.A.I. LEISURE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1832)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

GROUP FINANCIAL HIGHLIGHTS

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2021 US\$'000 (Unaudited) | 2020 US\$'000 (Unaudited) |
| Revenue | 8,387 | 28,945 |
| Operating (loss)/profit | (2,537) | 157 |
| (Loss)/profit attributable to owners of the Company | (2,610) | 538 |
| Profit margin (ratio of (loss)/profit attributable to owners of the Company to revenue) | -31.1% | 1.9% |
| Basic (loss)/earnings per share (<i>US cents</i>) | (0.7) | 0.1 |

The board of directors (the “**Board**”) of S.A.I. Leisure Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2021

| | | Six months ended June 30, | |
|---|-------------|----------------------------------|--------------------|
| | | 2021 | 2020 |
| | <i>Note</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| | | (Unaudited) | (Unaudited) |
| Revenue | 3 | 8,387 | 28,945 |
| Cost of inventories sold | 5 | (1,300) | (3,334) |
| Food and beverage costs | 5 | (281) | (1,000) |
| Employee benefit expenses | 5 | (3,349) | (9,345) |
| Utilities, repairs and maintenance | 5 | (1,137) | (2,207) |
| Other losses, net | 4 | (4) | (5) |
| Operating and other expenses | 5 | (4,853) | (12,897) |
| | | <hr/> | <hr/> |
| Operating (loss)/profit | | (2,537) | 157 |
| Finance income | 6 | 21 | 231 |
| Finance costs | 6 | (470) | (386) |
| | | <hr/> | <hr/> |
| Finance costs, net | 6 | (449) | (155) |
| | | <hr/> | <hr/> |
| (Loss)/profit before income tax | | (2,986) | 2 |
| Income tax credit | 7 | 388 | 82 |
| | | <hr/> | <hr/> |
| (Loss)/profit for the period | | (2,598) | 84 |
| | | <hr/> | <hr/> |
| Other comprehensive loss | | | |
| Item that may be reclassified to profit or loss | | | |
| Change in value of debt investment at fair value through other comprehensive income | | (166) | (4) |
| | | <hr/> | <hr/> |
| Total comprehensive (loss)/income for the period | | (2,764) | 80 |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | | Six months ended June 30, | |
|--|-------------|----------------------------------|--------------------|
| | | 2021 | 2020 |
| | <i>Note</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| | | (Unaudited) | (Unaudited) |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | (2,610) | 538 |
| Non-controlling interests | | <u>12</u> | <u>(454)</u> |
| | | <u>(2,598)</u> | <u>84</u> |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | | (2,776) | 534 |
| Non-controlling interests | | <u>12</u> | <u>(454)</u> |
| | | <u>(2,764)</u> | <u>80</u> |
| (Loss)/earnings per share attributable to owners of the Company | | | |
| — Basic and diluted (<i>US cents</i>) | 8 | <u>(0.7)</u> | <u>0.1</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

| | <i>Note</i> | As at June 30, 2021 US\$'000 (Unaudited) | As at December 31, 2020 US\$'000 (Audited) |
|---|-------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 73,625 | 54,719 |
| Investment properties | | 2,179 | 2,228 |
| Intangible assets | | 166 | 229 |
| Deferred income tax assets | | 3,678 | 3,290 |
| Deposits | | 923 | 934 |
| Financial asset at fair value through other comprehensive income | | 342 | 508 |
| | | <u>80,913</u> | <u>61,908</u> |
| Current assets | | | |
| Inventories | | 3,873 | 4,657 |
| Trade receivables | 10 | 11,792 | 15,251 |
| Prepayments and other receivables | | 1,095 | 1,106 |
| Amounts due from related parties | | — | 4 |
| Income tax recoverable | | 2,561 | 2,561 |
| Cash and cash equivalents | | 18,239 | 38,164 |
| | | <u>37,560</u> | <u>61,743</u> |
| Total assets | | <u>118,473</u> | <u>123,651</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 461 | 461 |
| Share premium | | 38,122 | 38,122 |
| Merger reserve | | 27,006 | 27,006 |
| Other reserve | | 4,674 | 4,840 |
| Retained earnings | | 18,861 | 21,471 |
| | | <u>89,124</u> | <u>91,900</u> |
| Non-controlling interests | | (73) | (85) |
| Total equity | | <u>89,051</u> | <u>91,815</u> |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT JUNE 30, 2021

| | | As at June 30, 2021 | As at December 31, 2020 |
|-------------------------------------|-------------|------------------------------------|-------------------------------|
| | <i>Note</i> | US\$'000 | US\$'000 |
| | | (Unaudited) | (Audited) |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 16,563 | 17,585 |
| | | 16,563 | 17,585 |
| Current liabilities | | | |
| Trade and other payables | 11 | 10,750 | 12,006 |
| Lease liabilities | | 1,868 | 2,003 |
| Amounts due to related parties | | 204 | 213 |
| Income tax payable | | 37 | 29 |
| | | 12,859 | 14,251 |
| Total liabilities | | 29,422 | 31,836 |
| Total equity and liabilities | | 118,473 | 123,651 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

S.A.I. Leisure Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on October 18, 2018 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands, and its principal place of business in Hong Kong is at 5th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in hotels and resorts operations in Saipan and Guam, travel retail business of luxury and leisure clothing and accessories in Saipan, Guam and Hawaii and provision of destination services in Saipan. The immediate holding company and intermediate holding company of the Company are THC Leisure Holdings Limited (“**THC Leisure**”) and Tan Holdings Corporation (“**Tan Holdings**”), respectively. Dr. Tan Siu Lin and Dr. Tan Henry (the son of Dr. Tan Siu Lin) are ultimate controlling parties.

This condensed consolidated interim financial information is presented in United States dollars (“**US\$**”) and all values are rounded to the nearest thousand (US\$’000), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board on August 27, 2021.

This condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

The unaudited condensed consolidated interim financial information (“**Financial Statements**”) has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The Group’s unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

(a) *Amended standards and interpretations adopted by the Group*

The Group has adopted and applied, for the first time, the following amended standards that have been issued and effective for the accounting period beginning on January 1, 2021:

Amendments to HKFRS 9, Interest Rate Benchmark Reform — Phase 2
HKAS 39, HKFRS 7, HKFRS
4 and HKFRS 16

The adoption of the above amendments to standards did not have significant financial impact on the Group's condensed consolidated interim financial information.

3 Segment and revenue information

The executive directors have been identified as the Group's chief operating decision-maker (“**CODM**”). The Group's CODM has determined the operating segments based on the reports reviewed by them that are used to make strategic decisions and resources allocation. The Group's businesses are managed according to the nature of their operations and the products and services they provide.

The CODM has identified three reportable operating segments as follows:

- (a) Hotels and resorts: operation of hotels and leasing of commercial premises located within the hotel premises in Saipan and Guam (the “**Hotels & Resorts Segment**”);
- (b) Luxury travel retail: sales of luxury and leisure clothing and accessories in retail stores in Saipan, Guam and Hawaii (the “**Luxury Travel Retail Segment**”);
- (c) Destination services: provision of destination activities in Saipan including (i) operation of souvenir and convenience stores; (ii) excursion tour operation; and (iii) provision of land arrangement and concierge services (the “**Destination Services Segment**”).

The Group's business activities are conducted predominantly in Saipan, Guam and Hawaii.

The Group's CODM assesses the performance of the operating segments based on adjusted operating (loss)/profit. Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of respective segments. Finance income, finance costs and other losses, net are not included in the result for each of the operating segment that is reviewed by the Group's CODM.

The segment information provided to the Group's CODM for the reportable segments for the periods ended June 30, 2021 and 2020 are as follows:

| | For the six months ended June 30, 2021 | | | | |
|---|---|---|---|--|----------------------------------|
| | Hotels & resorts US\$'000 (Unaudited) | Luxury travel retail US\$'000 (Unaudited) | Destination services US\$'000 (Unaudited) | Unallocated US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
| Revenue from external customers | 6,522 | 1,797 | 68 | — | 8,387 |
| Timing of revenue recognition | | | | | |
| At a point of time | 1,335 | 1,797 | 68 | — | 3,200 |
| Over time | 5,172 | — | — | — | 5,172 |
| Revenue from other source | | | | | |
| Rental income | 15 | — | — | — | 15 |
| | 6,522 | 1,797 | 68 | — | 8,387 |
| Segment results | (1,631) | 117 | (148) | (871) | (2,533) |
| Other losses, net | | | | | (4) |
| Finance income | | | | | 21 |
| Finance costs | | | | | (470) |
| Loss before income tax | | | | | (2,986) |
| Income tax credit | | | | | 388 |
| Loss for the period | | | | | (2,598) |
| Loss for the period includes: | | | | | |
| Depreciation for property, plant and equipment | 1,809 | 487 | 6 | 28 | 2,330 |
| Depreciation for investment properties | 49 | — | — | — | 49 |
| Amortization for intangible assets | 53 | 10 | — | — | 63 |
| Reversal of provision for obsolete inventories | — | — | (6) | — | (6) |
| Reversal of provision for impairment of trade receivables | (10) | — | — | — | (10) |
| Capital expenditure | 21,236 | — | — | — | 21,236 |

| | For the six months ended June 30, 2020 | | | | |
|--|--|--|--|--|----------------------------------|
| | Hotels & resorts US\$'000 (Unaudited) | Luxury travel retail US\$'000 (Unaudited) | Destination services US\$'000 (Unaudited) | Unallocated US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
| Revenue | | | | | |
| Total segment revenue | 22,677 | 5,916 | 392 | — | 28,985 |
| Inter-segment revenue | (40) | — | — | — | (40) |
| Revenue from external customers | <u>22,637</u> | <u>5,916</u> | <u>392</u> | <u>—</u> | <u>28,945</u> |
| Timing of revenue recognition | | | | | |
| At a point of time | 6,070 | 5,916 | 346 | — | 12,332 |
| Over time | 10,193 | — | 46 | — | 10,239 |
| Revenue from other source | | | | | |
| Rental income | <u>6,374</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>6,374</u> |
| | <u>22,637</u> | <u>5,916</u> | <u>392</u> | <u>—</u> | <u>28,945</u> |
| Segment results | 3,934 | (2,229) | (363) | (1,180) | 162 |
| Other losses, net | | | | | (5) |
| Finance income | | | | | 231 |
| Finance costs | | | | | (386) |
| Profit before income tax | | | | | <u>2</u> |
| Income tax credit | | | | | 82 |
| Profit for the period | | | | | <u><u>84</u></u> |
| Profit for the period includes: | | | | | |
| Depreciation for property, plant and equipment | 2,503 | 1,714 | 119 | 28 | 4,364 |
| Depreciation for investment properties | 57 | — | — | — | 57 |
| Amortization for intangible assets | 60 | 9 | — | — | 69 |
| Provision for obsolete inventories | — | 298 | — | — | 298 |
| Impairment loss on property, plant and equipment and right-of-use assets | <u>—</u> | <u>529</u> | <u>—</u> | <u>—</u> | <u>529</u> |
| Capital expenditure | <u>2,996</u> | <u>—</u> | <u>4</u> | <u>2</u> | <u>3,002</u> |

Revenues between segments are carried out in accordance with the terms mutually agreed between the respective group entities. The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the condensed consolidated statements of comprehensive income.

4 Other losses, net

Six months ended June 30,
2021 2020
US\$'000 *US\$'000*
(Unaudited) (Unaudited)

Other losses, net

Net exchange losses

4 **5**

5 Expenses by nature

Six months ended June 30,
2021 2020
US\$'000 *US\$'000*
(Unaudited) (Unaudited)

| | | |
|---|---------------|--------|
| Cost of inventories sold | 1,300 | 3,334 |
| Food and beverage costs | 281 | 1,000 |
| Employee benefit expenses | 3,349 | 9,345 |
| Utilities, repairs and maintenance | 1,137 | 2,207 |
| Short-term leases expenses* | 91 | 59 |
| Variable lease payments* | 167 | 181 |
| Rent concession related to coronavirus disease 2019 ("COVID-19")* (Note a) | (613) | (189) |
| Depreciation on property, plant and equipment* | 2,330 | 4,364 |
| Depreciation on investment properties* | 49 | 57 |
| Amortization on intangible assets* | 63 | 69 |
| Other taxes and licenses* | 511 | 1,509 |
| Supplies and tools* | 153 | 782 |
| Shared-services expenses* | 155 | 161 |
| Laundry expenses* | 77 | 275 |
| Temporary labour costs* | 78 | 107 |
| Commission expenses* | 22 | 744 |
| Insurance expenses* | 431 | 696 |
| (Reversal of provision)/provision for obsolete inventories* | (6) | 298 |
| Reversal of provision for impairment of trade receivables* | (10) | — |
| Impairment loss on property, plant and equipment and right-of-use assets* | — | 529 |
| Other miscellaneous expenses* (Note b) | 1,355 | 3,255 |
| | 10,920 | 28,783 |

| | Six months ended June 30, | |
|------------------------------------|----------------------------------|----------------------|
| | 2021 | 2020 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Representing: | | |
| Cost of inventories sold | 1,300 | 3,334 |
| Food and beverage costs | 281 | 1,000 |
| Employee benefit expenses | 3,349 | 9,345 |
| Utilities, repairs and maintenance | 1,137 | 2,207 |
| Operating and other expenses | 4,853 | 12,897 |
| | <u>10,920</u> | <u>28,783</u> |

* Included in “Operating and other expenses”

Notes:

- (a) For the period ended June 30, 2021, rent concession related to COVID-19 of US\$613,000 (2020: US\$189,000) has been credited to the condensed consolidated statement of comprehensive income and included in “operating and other expenses” in accordance with the amendments to HKFRS 16 *COVID-19-Related Rent Concessions*. The amendment provides lessees with exemption from assessing whether COVID-19-related rent concession is a lease modification and requires lessees to apply the exemption to account for COVID-19-related rent concession as if they were not lease modifications.

The amendment requires the lessees to apply such exemption only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions were met and applied consistently to all lease contracts with similar characteristics and in similar circumstances:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - (iii) there is no substantive change to other terms and conditions of the lease.
- (b) Other miscellaneous expenses mainly represent professional fees, donations, promotion, communication, transportation and entertainment expenses.

6 Finance costs, net

| | Six months ended June 30, | |
|--|----------------------------------|---------------------|
| | 2021 | 2020 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Finance costs: | | |
| — Interest expense on lease liabilities | (452) | (386) |
| — Interest expenses on Paycheck Protection Program loans | (18) | — |
| | <u>(470)</u> | <u>(386)</u> |
| Finance income: | | |
| — Interest income from bank deposits | 21 | 231 |
| | <u>21</u> | <u>231</u> |
| Finance costs, net | <u>(449)</u> | <u>(155)</u> |

7 Income tax credit

No provision for the Commonwealth of the Northern Mariana Islands (“CNMI”), Guam and Hawaii corporate income tax has been made as the Group did not generate any assessable profits arising in the CNMI, Guam and Hawaii during each reporting period.

| | Six months ended June 30, | |
|---|----------------------------------|--------------------|
| | 2021 | 2020 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| United States corporate income tax | — | — |
| | <u>—</u> | <u>—</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | (388) | (82) |
| | <u>(388)</u> | <u>(82)</u> |
| | <u>(388)</u> | <u>(82)</u> |

The Group's subsidiaries incorporated in the CNMI, Guam and Hawaii were subject to corporate income tax rate of 21%.

Companies incorporated and operating in the CNMI are entitled to use their business gross receipt tax payments as tax credits in deriving the corporate income tax during the six months ended June 30, 2021 and 2020.

The CNMI legislation provides for corporate income tax rebates with descending progressive percentages ranging from 90% to 50% on taxable income, after taking into account the utilization of the tax credit of business gross receipt tax.

For the six months ended June 30, 2021 and 2020, the Group's CNMI and Guam entities are allowed to file the tax return on a consolidated basis with S.A.I. CNMI Tourism Inc. and S.A.I. Guam Tourism Inc., respectively.

8 (Loss)/earnings per share

(a) *Basic*

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

| | Six months ended June 30, | |
|---|----------------------------------|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | (Unaudited) |
| (Loss)/profit attributable to owners of the Company (US\$'000) | (2,610) | 538 |
| Weighted average number of ordinary shares in issue (thousands) | 360,000 | 360,000 |
| Basic (loss)/earnings per share (US cents) | <u>(0.7)</u> | <u>0.1</u> |

(b) *Diluted*

Diluted (loss)/earnings per share for the six months ended June 30, 2021 and 2020 is the same as the basic (loss)/earnings per share as there was no potential dilutive ordinary shares outstanding during the respective periods.

9 Dividend

No dividend was paid during the six months ended June 30, 2021.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended June 30, 2021 (for the six months ended June 30, 2020: Nil).

10 Trade receivables

| | As at June 30, 2021 US\$'000 (Unaudited) | As at December 31, 2020 US\$'000 (Audited) |
|--|---|---|
| Trade receivables from third parties (<i>Note</i>) | 12,397 | 15,866 |
| Less: provision for impairment | <u>(605)</u> | <u>(615)</u> |
| Total trade receivables, net | <u>11,792</u> | <u>15,251</u> |

Note:

The majority of the Group's sales are with credit terms of 30 days from the invoice date. As at June 30, 2021 and December 31, 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

| | As at June 30, 2021 US\$'000 (Unaudited) | As at December 31, 2020 US\$'000 (Audited) |
|----------------|---|---|
| Within 30 days | 2,446 | 1,106 |
| 31 to 60 days | 3 | 1,046 |
| 61 to 90 days | 1,084 | 1,024 |
| Over 90 days | <u>8,864</u> | <u>12,690</u> |
| | <u>12,397</u> | <u>15,866</u> |

The maximum exposure to credit risk at the reporting date was the carrying value mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade receivables approximate their fair values and are denominated in US\$.

11 Trade and other payables

| | As at June 30, 2021 <i>US\$'000</i> (Unaudited) | As at December 31, 2020 <i>US\$'000</i> (Audited) |
|--|--|--|
| Trade payables | | |
| — to third parties (<i>Note a</i>) | 491 | 1,087 |
| — to related parties (<i>Note b</i>) | 89 | 36 |
| | <hr/> | <hr/> |
| Total trade payables | 580 | 1,123 |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Accruals and other payables | | |
| — Accrued employee benefit expenses | 414 | 668 |
| — Other taxes payable | 1,525 | 1,540 |
| — Other accruals and payables | 3,751 | 4,148 |
| — Deferred government grants (<i>Note c</i>) | 4,480 | 4,527 |
| | <hr/> | <hr/> |
| | 10,170 | 10,883 |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| | 10,750 | 12,006 |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

Notes:

(a) Trade payables to third parties

The ageing analysis of the trade payables to third parties based on invoice date were as follows:

| | As at June 30, 2021 <i>US\$'000</i> (Unaudited) | As at December 31, 2020 <i>US\$'000</i> (Audited) |
|----------------|--|--|
| Within 30 days | 235 | 527 |
| 31 to 60 days | 2 | 166 |
| 61 to 90 days | 8 | 193 |
| Over 90 days | 246 | 201 |
| | <hr/> | <hr/> |
| | 491 | 1,087 |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

(b) Amounts due to related parties

As at June 30, 2021 and December 31, 2020, the amounts due to related parties are unsecured, interest-free and with credit term of 30 days.

The ageing analysis of amounts due to related parties based on invoice date were as follows:

| | As at June 30, 2021 US\$'000 (Unaudited) | As at December 31, 2020 US\$'000 (Audited) |
|----------------|---|---|
| Within 30 days | 79 | 36 |
| 31 to 60 days | 2 | — |
| Over 90 days | 8 | — |
| | <hr/> 89 | <hr/> 36 |

(c) Deferred government grants

During the period ended June 30, 2021, the Group has successfully applied a loan of US\$760,000 under the second round of the Paycheck Protection Program (“PPP loan”) and the total amount of PPP loan outstanding as at June 30, 2021 is US\$4,480,000 (as at December 31, 2020: US\$4,527,000). The PPP loan is unsecured, interest-bearing of 1% per annum and repayable within five years from the draw down date. Generally, the PPP loan will be forgiven as long as it is used to cover payroll costs, mortgage interest, rent, and utility costs of the Group and employee and compensation levels of the Group are maintained over certain measurement period after the loan has been granted. For the period ended June 30, 2021, PPP loan of US\$807,000 (2020: Nil) has been forgiven by the government and recognized in the condensed consolidated statement of comprehensive income over the period ended June 30, 2021 to match them with the costs that they are intended to compensate. As at June 30, 2021, the Group has applied for the forgiveness of US\$219,000 PPP loan and yet to apply for the forgiveness of US\$4,261,000 PPP loan. The total amount of US\$4,480,000 (2020: US\$4,527,000) PPP loan outstanding was recognized as deferred government grant in the condensed consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The impact of the COVID-19 pandemic continues in 2021. In the first quarter of 2021, the new and more contagious Delta variant of the coronavirus swept through the United Kingdom and the United States. As a result of the unpredictable development of the pandemic, various precautionary measures imposed by government authorities around the world (including but not limited to travel bans and mandatory quarantine requirements) remained in place. As a result, the demand for leisure travelling remains low.

The local governments of Guam and the CNMI continue to work closely with the federal government and local officials as well as private sector partners to mitigate the impact of the coronavirus. As Kanoa Resort was selected by the local government authority to provide its hotel rooms, facilities and meal services to persons subject to the mandatory quarantine requirements upon arrival in Saipan, it has remained in operation throughout the course of the pandemic.

As of the date of this announcement, Century Hotel and all of the Group's luxury travel retail boutiques in Guam and Hawaii are open for business. As for Fiesta Resort Guam and Fiesta Resort Saipan, we continue to focus our efforts on the renovation and upgrade works under our asset rejuvenation plan in order to take advantage of the period of business suspension due to the COVID-19 pandemic.

In order to mitigate the financial impacts of the pandemic, the Group's management decided to continue to suspend the business operations of our luxury travel retail boutiques and destination services in Saipan. Various cost-saving measures are also implemented to further lower operational costs.

Revenue and Operating Loss

During the Reporting Period, the Group recorded a revenue of US\$8.4 million, representing a decrease of US\$20.5 million or 70.9% from US\$28.9 million in the corresponding period in 2020. The total revenue from our Guam and Saipan businesses dropped by over 86.0% and over 60.3%, respectively. The significant decrease in revenue was mainly due to the continuous impact of the COVID-19 pandemic across all our business segments and the closure of Fiesta Resort Guam and Fiesta Resort Saipan for the purpose of carrying out renovation and upgrade works, which led to a significant decrease in revenue derived from (1) hotel room rentals and food and beverage in Saipan and Guam; (2) retail of luxury clothing and accessories in Saipan, Guam and Hawaii; and (3) provision of destination services in Saipan.

For the first six months of 2021, the operating loss of the Group was US\$2.5 million, representing a decrease in profit of US\$2.7 million when compared with operating profit of US\$0.2 million in the corresponding period in 2020. The amount of operating loss as aforesaid has taken into account, amongst others, the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US\$2.4 million. The operating results of the Group fluctuated in the same manner as the revenue during the Reporting Period. Performance of the Group's business is covered in more detail under the "Segmental Review" section below.

II. SEGMENTAL REVIEW

The Hotels & Resorts Segment, Luxury Travel Retail Segment and Destination Services Segment respectively accounted for approximately 77.8%, 21.4% and 0.8% of the Group's total revenue for the Reporting Period.

Hotels & Resorts Segment

During the Reporting Period, revenue generated from the Hotels & Resorts Segment was approximately US\$6.5 million, representing a decrease of US\$16.1 million or 71.2% when compared with the corresponding period in 2020. The substantial decrease in revenue also led to a negative segmental operating margin for the Reporting Period, which was mainly due to the closure of Fiesta Resort Guam and Fiesta Resort Saipan for the purpose of carrying out renovation and upgrade works. Kanoa Resort has remained in operation throughout the pandemic and Century Hotel has remained in operation since its reopening in August 2020. As certain assets were non-profit generating during the Reporting Period due to the closure of two out of the Group's four hotels, the depreciation and amortization expenses (non-cash items) for the first six months of 2021 under the Hotels & Resorts Segment was approximately US\$1.9 million.

Fiesta Resort Saipan

In January 2021, the Group's management took action to expedite our asset rejuvenation plan to take advantage of the period of business suspension due to the COVID-19 pandemic. In order to carry out the renovation and upgrade works (including room refurbishment, landscaping upgrade and hospitality enhancement), the business operations of Fiesta Resort Saipan have been suspended from February 2021 until completion of the relevant works. After completion of the renovation and upgrade works, the hotel will be placed in the high-end market position, capable of commanding a higher revenue and reaching out to a wider and more premium customer base. As of the date of this announcement, the Group's management expects that Fiesta Resort Saipan will be rebranded and reopened as "Crowne Plaza Resort Saipan" in the fourth quarter of 2021, subject to final confirmation by IHC Hotel Limited ("**Hotel Manager**") (a subsidiary of InterContinental Hotels Group PLC ("**InterContinental Hotels Group**")).

Kanoa Resort

In 2021, Kanoa Resort continues to assist the CNMI Homeland Security and Emergency Management by providing its hotel rooms, facilities and meal services to persons subject to the mandatory quarantine requirements upon their arrival in Saipan. The Group has received various fees during the Reporting Period for the services that have been provided to the local government of the CNMI under the emergency contract. The Group is honored to be able to support the local government in the fight against COVID-19.

Fiesta Resort Guam

The renovation and upgrade works under the asset rejuvenation plan of Fiesta Resort Guam (including room refurbishment, landscaping upgrade and hospitality enhancement) continues in 2021. In order to carry out the renovation and upgrade works, the business operations of Fiesta Resort Guam have been suspended since May 2020. After completion of the renovation and upgrade works, the accommodation capacity of the hotel will be increased from 318 to 321 rooms and suites, and the hotel will be placed in the high-end market position, capable of commanding a higher revenue and reaching out to a wider and more premium customer base. As of the date of this announcement, the Group's management expects that Fiesta Resort Guam will be rebranded and reopened as "Crowne Plaza Resort Guam" in the fourth quarter of 2021, subject to final confirmation by the Hotel Manager.

Luxury Travel Retail Segment

During the Reporting Period, revenue from the Luxury Travel Retail Segment was US\$1.8 million, representing a decrease of US\$4.1 million or 69.5% as compared with the corresponding period in 2020 of US\$5.9 million. The substantial decrease was mainly due to the downturn of the global tourism market and the temporary closure of some of our luxury travel retail boutiques in Saipan and Guam.

During the pandemic, the temporary closure of our luxury travel retail boutiques has effectively reduced operating costs and thus alleviated the negative financial and operational impacts of the pandemic on the Luxury Travel Retail Segment. During the first six months of 2021, the Group's management decided to continue suspending the business operations of some of the luxury travel retail boutiques in Saipan and Guam. Depreciation and amortization expenses (non-cash items) for the first six months of 2021 under the Luxury Travel Retail Segment was approximately US\$0.5 million. As of the date of this announcement, all luxury travel retail boutiques in Hawaii have resumed their operations as normal; whilst all luxury travel retail boutiques in Guam have resumed their operations with limited business hours (by appointment or during weekends).

The Group's management re-negotiated rental terms with our landlords in view of the pandemic and achieved more favorable terms for the Group's luxury travel retail boutiques in Saipan, Guam and Hawaii. The Group's management continues to exercise care in inventory management, which substantially reduced the Group's inventory level.

Destination Services Segment

During the Reporting Period, revenue from the Destination Services Segment was US\$68,000, representing a decrease of US\$324,000 as compared with the corresponding period in 2020. The segmental loss of US\$148,000 was mainly due to the fact that the island remains closed to tourists and thus our business operations remain temporarily closed during the first six months of 2021. As of the date of this announcement, we have not resumed operation of our destination services in Saipan.

III. MATERIAL ACQUISITION

During the Reporting Period, Asia Pacific Hotels, Inc. (Guam) ("**APHI Guam**"), an indirectly wholly-owned subsidiary of the Company has entered into two construction contracts ("**Guam Construction Contracts**") with GPPC, Inc. ("**Contractor**"), an independent third party, as prime contractor in respect of the renovation and upgrade works for the public spaces and exterior of Fiesta Resort Guam.

As mentioned in the Announcement of the Company issued on February 19, 2021 and supplemented by the Circular of the Company published on June 21, 2021, the renovation works under the Guam Construction Contracts form part of the renovation and upgrade works of Fiesta Resort Guam under our asset rejuvenation plan and the rebranding works under the hotel management agreement with the Hotel Manager in order to prepare Fiesta Resort Guam to be reopened under the new brand name "Crowne Plaza Resort Guam". The management of the Group currently expects that Fiesta Resort Guam will be rebranded and reopened as "Crowne Plaza Resort Guam" in the fourth quarter of 2021, subject to final confirmation by the Hotel Manager.

Furthermore, during the Reporting Period, Asia Pacific Hotels, Inc. ("**APHI Saipan**"), an indirectly wholly-owned subsidiary of the Company has entered into two construction contracts ("**Saipan Construction Contracts**") with the Contractor as prime contractor in respect of the renovation and upgrade works for the guestrooms, public spaces and exterior of Fiesta Resort Saipan.

As mentioned in the Announcement of the Company issued on May 28, 2021 and supplemented by the Circular of the Company published on June 21, 2021, the renovation works under the Saipan Construction Contracts form part of the renovation and upgrade works of Fiesta Resort Saipan under our asset rejuvenation plan and the rebranding works under the hotel management agreement with the Hotel Manager in order to prepare Fiesta Resort Saipan to be reopened under the new brand name “Crowne Plaza Resort Saipan”. The management of the Group currently expects that Fiesta Resort Saipan will be rebranded and reopened as “Crowne Plaza Resort Saipan” in the fourth quarter of 2021, subject to the final confirmation of the Hotel Manager.

Save as aforesaid, the Group did not make any material acquisitions and disposals during the Reporting Period.

The Group had no significant investments held during the Reporting Period.

IV. SUBSEQUENT EVENTS

Subsequent to the end of the Reporting Period, Fiesta Resort Guam and Fiesta Resort Saipan remain temporarily closed for renovation and upgrade works. On the other hand, Century Hotel remains open for business and Kanoa Resort continues to support the local government by providing its hotel rooms, facilities and meal services to persons subject to mandatory quarantine requirements. As of the date of this announcement, the Group and the relevant government authority have finalized the documentation for the extension of the emergency contract in respect of Kanoa Resort to September 13, 2021.

Since the end of the Reporting Period, five of our luxury travel retail boutiques in Guam have resumed business operations. As of the date of this announcement, some of our luxury travel retail boutiques in Saipan and our destination services in Saipan remain temporarily closed in view of the continuing impact of the COVID-19 pandemic.

As of the date of this announcement, the number of global COVID-19 cases is still growing. Nevertheless, Saipan and Guam are both viewed as “safe” destinations to global travelers due to the low number of confirmed cases and the low death rates. With the proactive and prompt implementation of effective precautionary measures, Saipan and Guam successfully curbed the spread of the coronavirus with vaccination rates surpassing other Southeast Asian countries, including Thailand, Malaysia and Indonesia. According to information published by the Marianas Visitors Authority, major travel agencies described the CNMI as “safe, clean and romantic” and is even “the cleanest and safest destination in the world”.

With the rising vaccination rates of the local communities, the local government of Guam decided to progressively lift various precautionary measures (including but not limited to travel bans and mandatory quarantine requirements) and gradually reopen borders to business and leisure travelers.

With effect from July 4, 2021, travelers entering Guam will be exempted from mandatory quarantine if they are fully vaccinated and can show negative results of a PCR test or antigen test taken within 72 hours of arrival. Individuals previously infected by COVID-19 but have recovered within the three months preceding their arrival are also exempted from mandatory quarantine. In addition, flights from South Korea to Guam have resumed on July 31, 2021. Our management is hopeful that the relaxation of the precautionary measures and the gradual resumption of flights, particularly from Japan and South Korea, would bring business and leisure travelers back to the islands.

On the other hand, the local government of the CNMI has been adjusting the precautionary measures (including but not limited to mandatory quarantine requirements) from time to time with regard to the development of the pandemic. As of August 10, 2021, while travelers are required to undergo COVID-19 testing upon arrival, those with negative test results and are fully vaccinated may apply for quarantine with “restriction of movement” in the lodging of their choice although another test will be required after five days. Those who are not fully vaccinated and those with positive test results (upon arrival or after five days) will be subject to mandatory quarantine in a government designated facility. On July 1, 2021, lauding the safety measures and cleanliness of the CNMI, three major South Korean travel agencies have come to an agreement with the local government of the CNMI to launch the CNMI as the destination for the first travel bubble with South Korea. This has paved the way for the reopening of the islands to business and leisure travelers.

With these latest developments, our management is cautiously optimistic that the Group’s business operations will be able to fully resume in the foreseeable future.

While the duration of the COVID-19 outbreak remains uncertain, the Board will continue to closely monitor the market conditions, changes in the global travel sentiment and market behavior, and will make timely adjustments to the Group’s strategies.

V. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

| | As at June 30, 2021 | As at December 31, 2020 |
|--|---|-------------------------------|
| Current ratio (times) (<i>Note a</i>) | 2.9 | 4.3 |
| Quick ratio (times) (<i>Note b</i>) | 2.6 | 4.0 |
| Gearing ratio (%) (<i>Note c</i>) | — | — |
| Net debt to equity ratio (%) (<i>Note d</i>) | <u>N/A</u> | <u>N/A</u> |

Notes:

- (a) Current ratio was calculated based on the total current assets divided by the total current liabilities as at the end of respective periods.
- (b) Quick ratio was calculated based on the total current assets less inventories and then divided by the total current liabilities as at the end of respective periods.
- (c) Gearing ratio was calculated based on the total interest-bearing bank borrowings divided by total equity as at the end of respective periods and multiplied by 100%.
- (d) Net debt to equity ratio was calculated based on net debts (being total interest-bearing bank borrowings net of cash and cash equivalents) as at the end of respective periods divided by total equity as at the end of respective periods and multiplied by 100%. Net debt includes all interest-bearing bank borrowings (if any), net of cash and cash equivalents.

Current ratio and quick ratio

The current ratio decreased from 4.3 as at December 31, 2020 to 2.9 as at June 30, 2021 mainly due to the increase in the construction in progress, which represents the payment made for the asset rejuvenation project and overall upgrade works in Guam and Saipan during the Reporting Period. The quick ratio fluctuated in the same manner as the current ratio during the Reporting Period.

Gearing ratio

The gearing ratio was nil as at June 30, 2021 and December 31, 2020 because the Group has zero interest-bearing bank borrowings as at the end of respective periods.

Net debt to equity ratio

Net debt to equity ratio is not applicable to the Group as at June 30, 2021 and December 31, 2020 as there were no borrowings as at the end of respective periods.

Capital Structure

The capital structure of the Group only consists of equity attributable to owners of the Company as shown in the condensed consolidated statement of financial position.

VI. FOREIGN EXCHANGE RISK MANAGEMENT

The subsidiaries of the Group mainly operate in Saipan, Guam and Hawaii with most of the transactions settled in United States Dollars (“US\$”). Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity’s functional currency. As at June 30, 2021, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are primarily denominated in US\$. Therefore, the Group’s foreign exchange risk is insignificant.

VII. FUTURE PLANS AND MARKET PROSPECTS

Since the last quarter of 2020, COVID-19 vaccination programs have begun to roll-out worldwide. With ongoing publication of research and studies confirming the effectiveness of the vaccines, public confidence in the vaccines have grown steadily. As vaccination rates continue to rise, for the first time in more than a year, there is a glimmer of hope (or at least cautious optimism) that the COVID-19 pandemic could recede to the background and people could finally find a way to live with the coronavirus.

Since late December 2020, highly effective COVID-19 vaccines have been available in both Guam and the CNMI. The local governments have strived to disrupt the spread of the coronavirus and to mitigate potential mutations of the virus by encouraging individuals to take their jabs. As at August 26, 2021, over 80.0% of the total adult population in Guam have been fully vaccinated, whilst approximately 77.2% of the total eligible population of the CNMI have been fully vaccinated. Based on the current pace of vaccinations, the local governments of Guam and the CNMI are confident that the islands could reach herd immunity by the third quarter of 2021. The Directors believe that herd immunity could liberate the islands from the coronavirus and reopen borders to business partners and tourists, leading to a potential resumption of the economy and business operations.

On the other hand, vaccination rates in our key tourist origin markets are also picking up, particularly in Japan and South Korea. The increased pace of vaccinations in both countries brings herd immunity within reach. According to research and studies, Japan and South Korea may achieve herd immunity by the end of 2021. Once COVID-19 is effectively under control and herd immunity is achieved in more countries, we could expect a full and sustained reopening of borders and a meaningful recovery in the global tourism industry.

Hotels & Resorts Segment

In order to take advantage of the period of business suspension due to the COVID-19 pandemic, the Group's management continues to expedite the renovation and upgrade works of Fiesta Resort Guam and Fiesta Resort Saipan under our asset rejuvenation plan and the rebranding works under the hotel management agreements with our Hotel Manager. The relevant works are currently in progress and are expected to be completed in the fourth quarter of 2021. Subject to the confirmation of the Hotel Manager, Fiesta Resort Guam and Fiesta Resort Saipan will be respectively rebranded and reopened as "Crowne Plaza Resort Guam" and "Crowne Plaza Resort Saipan" soon after completion of the renovation and upgrade works. Being the newest hotels in town, the Group's management is confident that these two hotels will be uniquely positioned to capture the pent-up travel demand from the date of grand opening.

As of the date of this announcement, Kanoa Resort continues to support the local government and we have finalized the documentation for the extension of the emergency contract with the CNMI Homeland Security and Emergency Management to September 13, 2021. As announced on December 29, 2020, the Group has entered into the hotel management agreement in respect of Kanoa Resort with the Hotel Manager. Kanoa Resort will be rebranded as "voco Resort Saipan" soon after the completion of the renovation and rebranding works which will be carried out at the end of the emergency contract.

The capital expenditure to be incurred in respect of the renovation and upgrade works of Fiesta Resort Guam, Fiesta Resort Saipan and Kanoa Resort will be funded partly by the proceeds from Listing, partly by the Group's internal resources and partly by external financing.

With the InterContinental Hotels Group managing Fiesta Resort Guam, Fiesta Resort Saipan and Kanoa Resort after their respective rebranding as "Crowne Plaza Resort Guam", "Crowne Plaza Resort Saipan" and "voco Resort Saipan", our management expects that this will create positive synergy among the three major hotels of the Group.

The gradual reopening of borders to tourists in both Guam and the CNMI is a big step towards the recovery of the tourism industry. Despite the fact that the development of the pandemic remains unpredictable, the Group's management will continue to closely monitor the market conditions, changes in the global travel sentiment and market behavior, and will make timely adjustments to the Group's business strategies. On the other hand, the Group's management will continue to implement cost-saving measures to alleviate the negative financial impact resulting from the pandemic.

Luxury Travel Retail Segment

When the market resumes after the pandemic is effectively controlled, especially in the Group's key tourist origin markets, the Group's management will seek for expansion opportunities to bolster the Group's revenue source. For Guam, the Group's management believes that the segmental profitability could be improved with an expansion into stronger retail spaces. For Saipan, the Group's management believes that enhancing customers' overall shopping experience is the key to maximizing sales level. For the expansion of the Group's footprint in Hawaii, the Group's management is seeking to identify stronger retail spaces with good adjacencies and reasonable rental conditions for new retail stores.

Other plans and prospects

To maintain the Group's long-term growth and for the best interests of the Company and the Shareholders as a whole, the Group's management continues to explore possible merger and acquisition opportunities. The Group's management believes that the downturn of the macro-economy as a result of the COVID-19 outbreak would increase the availability of favorable merger and acquisition deals in the market.

VIII. CONTINGENT LIABILITIES

As at June 30, 2021, the Group did not have any material contingent liabilities.

IX. EMPLOYEES AND EMOLUMENT POLICY

As at June 30, 2021, the Group had a total of 190 (as at June 30, 2020: 737) full-time employees, including 125 employed in Saipan, 51 employed in Guam, 10 employed in Hawaii and 4 employed in Hong Kong. The substantial decrease in headcount was mainly due to the layoff of staff as part of the cost-saving measures during the temporary closure of our hotels and resorts in the second half of 2020. The mass layoff of staff was a hard decision that had to be made under the challenging circumstances caused by the COVID-19 pandemic. As a responsible employer, the Group continues to value our employees and continues to strive to provide an excellent working environment. We have complied with all relevant labor laws and regulations and has formulated a set of human resources policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal employment opportunity, diversity, anti-discrimination and other benefits and welfare. During the Reporting Period, the total staff costs (including directors' emoluments) amounted to US\$3.3 million (for the six months ended June 30, 2020: US\$9.3 million). The Company has adopted the Post-IPO Share Option Scheme on April 9, 2019 for the purpose of providing incentives and rewards to eligible persons, including the employees of the Group, for their contribution to the Group. During the Reporting Period, no options were granted, exercised, cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at June 30, 2021.

X. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

XI. UPDATE ON THE USE OF PROCEEDS

The net proceeds from the Company's Listing was US\$39.4 million (equivalent to HK\$307.4 million, after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Listing). The Company has applied and will continue to apply the net proceeds from the Listing for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company published on April 30, 2019 and supplemented by the 2019 Annual Report and 2020 Annual Report published on April 17, 2020 and April 16, 2021, respectively. During the Reporting Period, US\$13.0 million of the net proceeds from the Listing had been utilized. The following table sets forth the use of proceeds by the Group as at June 30, 2021:

| | Net proceeds from Listing US\$'000 | Utilization as at June 30, 2021 US\$'000 | Unutilized amount US\$'000 |
|-----------------------------|---|---|---|
| Asset rejuvenation plan | 29,555 | 21,869 | 7,686 |
| New travel retail boutiques | 2,000 | 1,948 | 52 |
| IT upgrades | 2,000 | 976 | 1,024 |
| Digital sales and marketing | 2,000 | 792 | 1,208 |
| General working capital | 3,945 | 3,090 | 855 |
| Total ^(a) | <u>39,400^(b)</u> | <u>28,675</u> | <u>10,725^(b)</u> |

Notes:

- (a) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.
- (b) In respect of the amount of net proceeds from Listing, the exchange rate applied is US\$1.0 = HK\$7.8 and the amount in US\$ is calculated according to such exchange rate. As a result, the difference between the net value of the remaining funds in the above table and the actual amount of funds in the retained account is due to the difference between the controlling exchange rate and the actual exchange rate.

Currently, the Group holds the unutilized net proceeds as deposit with creditworthy banks with no recent history of default.

XII. REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee of the Company consists of the Independent Non-Executive Directors, namely Mr. MA Andrew Chiu Cheung, Mr. CHAN Leung Choi Albert and Prof. CHAN Pak Woon David. Mr. MA Andrew Chiu Cheung is the Chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited condensed consolidated interim financial information for the Reporting Period with no disagreement.

Such unaudited condensed consolidated interim financial information has also been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

XIII. INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period.

XIV. CORPORATE GOVERNANCE PRACTICES

The Board has adopted the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as its code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the Reporting Period.

XV. MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code as set out in Appendix 10 to the Listing Rules. After having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the Reporting Period.

XVI. CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

During the Reporting Period, Mr. MA Andrew Chiu Cheung, Independent Non-Executive Director, has retired as an Independent Non-Executive Director of Chong Hing Bank Limited (Stock Code: 1111) and ceased to be the chairman of its Connected Party Transactions Committee and a member of its Nomination and Remuneration Committee with effect from May 14, 2021.

XVII. DISCLOSURE OF INFORMATION ON THE COMPANY AND THE STOCK EXCHANGE'S WEBSITE

This interim report will be published on the websites of the Company (www.saileisuregroup.com) and the Stock Exchange (www.hkex.com.hk) in accordance with Rule 13.48(1) of the Listing Rules.

By order of the Board
TAN Henry
*Vice Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, August 27, 2021

As at the date of this announcement, the Board of the Company comprises: (1) Dr. TAN Henry, Mr. CHIU George, Mrs. SU TAN Jennifer Sze Tink and Mr. SCHWEIZER Jeffrey William as the Executive Directors; (2) Dr. TAN Siu Lin (Chairman) and Mr. TAN Willie as the Non-Executive Directors; and (3) Prof. CHAN Pak Woon David, Mr. MA Andrew Chiu Cheung and Mr. CHAN Leung Choi Albert as the Independent Non-Executive Directors.