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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2021 Announcement and the 2021 Circular with respect to the Existing QZ Framework Agreement, the Existing TakeCare Framework Agreement, the Existing Consumer Goods Framework Agreements and the Existing CTSI Framework Agreement.

As disclosed in the 2021 Announcement, (1) the Holiday Package Transactions under the Existing QZ Framework Agreement, (2) the Medical Insurance Transactions under the Existing TakeCare Framework Agreement, (3) the Consumer Goods Transactions under the Existing Consumer Goods Framework Agreements, and (4) the Freight and Logistics Transactions under the Existing CTSI Framework Agreement all constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The term of each of the Existing Framework Agreements will expire on December 31, 2024. Pursuant to the provisions of the Existing Framework Agreements, each of the Existing Framework Agreements shall thereafter be automatically renewed for subsequent periods of three years on the same terms and conditions, save that the parties thereto shall, upon renewal, determine and set out new annual caps to apply for the subsequent three-year period.

The Company intends to continue to enter into the transactions respectively contemplated under the Existing Framework Agreements after December 31, 2024. However, as the pace of recovery of the tourism market in Guam and Saipan over the course of the next three years remains uncertain, the management of the Group is of the view that it would be difficult for the parties to reasonably determine realistic annual caps for a three-year period at this point in time, in particular, in relation to the Holiday Package Transactions. As such, the Company has proposed to renew the Existing QZ Framework Agreement for a period of six months, and each of the other Existing Framework Agreements for a period of one year.

The Board is pleased to announce that, on November 28, 2024 (after trading hours), the Company entered into: (1) the 1H2025 QZ Framework Agreement for a term of six months from January 1, 2025 to June 30, 2025; (2) the 2025 TakeCare Framework Agreement for a term of one year from January 1, 2025 to December 31, 2025; (3) the 2025 Consumer Goods Framework Agreements for a term of one year from January 1, 2025 to December 31, 2025; and (4) the 2025 CTSI Framework Agreement for a term of one year from January 1, 2025 to December 31, 2025, in each case on the same terms and conditions as the Existing Framework Agreements (save as regards automatic renewal), subject to compliance with all applicable provisions of the Listing Rules.

As the highest applicable ratios for each of the 2025 Annual Caps for the transactions respectively contemplated under the 2025 Framework Agreements are, in each case, more than 0.1% but less than 5%, the 2025 Framework Agreements and the 2025 Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the 2021 Announcement and the 2021 Circular with respect to the Existing QZ Framework Agreement, the Existing TakeCare Framework Agreement, the Existing Consumer Goods Framework Agreements and the Existing CTSI Framework Agreement.

As disclosed in the 2021 Announcement, (1) the Holiday Package Transactions under the Existing QZ Framework Agreement, (2) the Medical Insurance Transactions under the Existing TakeCare Framework Agreement, (3) the Consumer Goods Transactions under the Existing Consumer Goods Framework Agreements, and (4) the Freight and Logistics Transactions under the Existing CTSI Framework Agreement all constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The term of each of the Existing Framework Agreements will expire on December 31, 2024. Pursuant to the provisions of the Existing Framework Agreements, each of the Existing Framework Agreements shall thereafter be automatically renewed for subsequent periods of three years on the same terms and conditions, save that the parties thereto shall, upon renewal, determine and set out new annual caps to apply for the subsequent three-year period.

The Company intends to continue to enter into the transactions respectively contemplated under the Existing Framework Agreements after December 31, 2024. However, as the pace of recovery of the tourism market in Guam and Saipan over the course of the next three years remains uncertain, the management of the Group is of the view that it would be difficult for the parties to reasonably determine realistic annual caps for a three-year period at this point in time, in particular, in relation to the Holiday Package Transactions. As such, the Company has proposed to renew the Existing QZ Framework Agreement for a period of six months, and each of the other Existing Framework Agreements for a period of one year.

The Board is pleased to announce that, on November 28, 2024 (after trading hours), the Company entered into: (1) the 1H2025 QZ Framework Agreement for a term of six months from January 1, 2025 to June 30, 2025; (2) the 2025 TakeCare Framework Agreement for a term of one year from January 1, 2025 to December 31, 2025; (3) the 2025 Consumer Goods Framework Agreements for a term of one year from January 1, 2025 to December 31, 2025; and (4) the 2025 CTSI Framework Agreement for a term of one year from January 1, 2025 to December 31, 2025, in each case on the same terms and conditions as the Existing Framework Agreements (save as regards automatic renewal), subject to compliance with all applicable provisions of the Listing Rules.

This announcement is to provide information on the 2025 Framework Agreements and the 2025 Annual Caps.

(1) 1H2025 QZ FRAMEWORK AGREEMENT

A. Principal Terms of the 1H2025 QZ Framework Agreement

As disclosed in the 2021 Announcement and the 2021 Circular, the Group enter into Holiday Package Transactions with the QZ Tours Group from time to time in its ordinary and usual course of business.

On November 28, 2024, the Company entered into the 1H2025 QZ Framework Agreement with QZ Tours in respect of the Holiday Package Transactions, which will supersede the Existing QZ Framework Agreement with effect from January 1, 2025. Principal terms of the 1H2025 QZ Framework Agreement are as follows:

Term: Commencing from January 1, 2025 and expiring on June 30, 2025

Renewal:

The parties may by mutual agreement renew the term of the 1H2025 QZ Framework Agreement for a period of not more than three years on the same terms and conditions (save that the parties shall determine and set out new annual cap(s) to apply for each year of the renewed term), subject always to compliance with the Listing Rules.

**Holiday Package
Transactions:**

At any time during the term, the Group may from time to time enter into sales agreements and/or individual purchase orders with the QZ Tours Group for so long as they comply with the provisions of the 1H2025 QZ Framework Agreement and the Listing Rules.

Any Group Company may enter into individual agreements in respect of Holiday Package Transactions with QZ Tours on terms to be agreed, provided always that such individual agreements are, inter alia, (i) in writing, (ii) in the Group's ordinary and usual course of business, (iii) on normal commercial terms, (iv) in compliance with all applicable provisions under the Listing Rules, (v) within the agreed annual caps (or upon the Company taking the appropriate actions to comply with the Listing Rules in respect of any amounts in excess), and (vi) no less favorable to the Group compared to those offered by other independent tour operators of comparable purchase value.

Termination:

The 1H2025 QZ Framework Agreement (i) may be terminated by either party giving no less than a month's prior written notice, (ii) will be automatically terminated if QZ Tours ceases to be a connected person under the Listing Rules, (iii) may be terminated if either party commits a material breach that is either non-rectifiable or not rectified within 28 days, and (iv) may be terminated if either party becomes a subject of insolvency or liquidation.

Pricing Policy:

When making a decision on the terms and conditions of the Holiday Package Transactions (including pricing, credit, payment and cancellation terms), the Group would take into account, based on arm's length commercial negotiations with QZ Tours, (i) the purchase volume of QZ Tours, (ii) the Group's projected occupancy and other operating conditions, (iii) the rates, terms and conditions offered by the Group's competitors to QZ Tours and other tour operators, (iv) the rates the Group offers through various booking channels and the Group's intended level of profits, and (v) the general market conditions, trends, seasonality, pricing and marketing landscape in the leisure tourism market in Saipan.

Further, any commercial terms that are different to those the Group offers to other independent tour operators must be offered to QZ Tours based on arm's length commercial negotiations principally with reference to its bulk purchase volume and the Group's operating conditions. In doing so, the Directors must specifically disregard the connected person relationship between the Group and QZ Tours.

Special conditions:

All sales agreements and individual purchase orders exceeding HK\$3.0 million on an annual aggregate basis must receive, and shall be conditional upon, specific and express approval from the Audit Committee, comprising only of the Company's independent non-executive Directors.

B. Pricing policy and guidelines

The Group would enter into sales agreements (on a yearly or half-yearly basis) with different tour operators (including QZ Tours and various independent tour operators and wholesalers) which would give them the right to reserve in bulk a number of “allocated” rooms. The Group would discuss with various tour operators and wholesalers based on the Group’s operating needs and their sales capability to allocate them a number of room nights, which are typically priced at fixed rates categorized by seasonality. The number of rooms allocated and the rates offered to each tour operator and wholesaler are in turn subject to a number of factors, such as the behavior of market peers, source market demand, and their historical purchase volume. Any reservation in excess of the rooms allocated to each tour operator would be separately negotiated under individual purchase orders. As a matter of policy, the levels of discount offered to each tour operator (including QZ Tours) were determined primarily based on the level of bulk bookings i.e. the higher the volume, the higher the level of discount. The Directors are of the view that this is commensurate with the practices of the global hotels and resorts industry.

Other terms offered to tour operators and wholesalers, such as cancellation policies, will also vary depending on the bulk purchase volume i.e. the higher the volume, the better the terms offered in order to provide incentive for tour operators. Cancellation periods offered to tour operators and wholesalers range from 5 days to 28 days depending on seasonality. As one of the largest customers of the Group, the cancellation periods offered to QZ Tours were generally shorter than other tour operators and wholesalers (as short as 5 days) with much lower purchase volume. The Directors are of the view that this is also commensurate with the practices of the global hotels and resorts industry.

QZ Tours mainly enter into Holiday Package Transactions with the Group for rooms and services for Crowne Plaza Resort Saipan. As previously disclosed, this hotel is being managed by the Hotel Manager. As such, the pricing policy and guidelines for the Holiday Package Transactions to be entered into with QZ Tours are determined and implemented by the Hotel Manager in accordance with the terms of the 1H2025 QZ Framework Agreement as well as the hotel management agreement for each hotel.

Under the terms of the hotel management agreements, while the Group has the right to approve the annual budget for each hotel, the Hotel Manager has the right to determine all policies and procedures relating to the operation of the hotel, including the prices for any services provided by each hotel (e.g. room rates and food and beverage prices) and sales policies. Such policies and procedures must be consistent with the approved annual budget, the relevant brand standards of the InterContinental Hotels Group as well as industry standards for similarly market-positioned hotels in the geographical area in which the relevant hotel is being operated.

Wholesale contracts are negotiated and signed by the Hotel Manager on behalf of the relevant Group Company with a pre-determined set of rates. These rates will be determined by the Hotel Manager based on source market, seasonality and room types for each hotel. During different seasons, these rates can vary via promotional offers, or rate yielding by closing the wholesale allotment based on demand calendar and room availability. Discounted wholesale rates will be offered by the Hotel Manager to all tour operators and wholesalers, but the levels of discounts, cancellation policies and other terms will vary based on volume. In other words, as per the terms of the 1H2025 QZ Framework Agreement, the levels of discounts, cancellation periods and other terms to be offered to QZ Tours will similarly be offered to independent tour operators with comparable bulk purchase volume.

In accordance with the terms of the 1H2025 QZ Framework Agreement, the Hotel Manager has also been informed that, as a matter of policy, all sales agreements and individual purchase orders with QZ Tours exceeding HK\$3.0 million (on an annual aggregate basis) will need to be submitted to the Audit Committee for approval, and will not be entered into unless with the specific and express approval of the Audit Committee.

Considering the above, coupled with the fact that the commercial negotiations with QZ Tours will be conducted through the Hotel Manager, an independent third party with extensive hotel management experience and expertise, the Directors (including the independent non-executive Directors) are confident that the Holiday Package Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

C. 2025 QZ Annual Cap

Pursuant to the 1H2025 QZ Framework Agreement, the Company and QZ Tours have agreed on the 2025 QZ Annual Cap. Details of the historical transaction amounts received by the Group from the QZ Tours Group under the Existing QZ Framework Agreement, as well as the 2025 QZ Annual Cap as agreed between the Company and QZ Tours are set out below:

	For financial years ending December 31,		
	2022	2023	2024
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Original annual caps	5,079	16,311	17,465
Actual aggregate amounts paid to the QZ Tours Group	Nil <i>Note</i>	326 <i>Note</i>	1,893 <i>Note</i> <i>(for the nine months ended September 30, 2024)</i>
	2025		
	<i>(US\$'000)</i>		
2025 QZ Annual Cap	1,185		

Note: There was low utilization of the original annual caps under the Existing QZ Framework Agreement for the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024. The low utilization was due to the fact that the original annual caps were determined towards the end of 2021 during the COVID-19 pandemic, when the Directors were cautiously optimistic that year 2022 would be a year of strong recovery for the global leisure travel industry in view of the increasing vaccination rates around the world. It was expected that flights to Saipan would gradually resume and Crowne Plaza Resort Saipan would be reopened in around March 2022, with Kanoa Resort (to be rebranded as voco Resort Saipan) to follow. However, due to the continued impact of the COVID-19 pandemic, Crowne Plaza Resort Saipan only reopened in late October 2022, and Kanoa Resort remained closed since July 2022. The pace of recovery of the tourism market in Saipan continued to remain sluggish throughout 2022 to 2024. Group tours from Mainland China to Saipan only resumed gradually from around August 2023, and direct flights between Hong Kong and Saipan only resumed in late April 2024. As such, the demand for Holiday Package Transactions remained low.

D. Basis of the 2025 QZ Annual Cap

QZ Tours mainly enter into Holiday Package Transactions with the Group for rooms and services for Crowne Plaza Resort Saipan to cater for the demand of tourists from Mainland China and Hong Kong. In view of the resumption of direct flights between Hong Kong and Saipan in late April 2024, there has been a gradual increase in the number of visitors from Mainland China (travelling through Hong Kong) in the second half of 2024. However, direct flights between cities in Mainland China and Saipan has yet to resume as of the date of this announcement. At present, the timeline for the resumption of flights between Mainland China and Saipan remains uncertain. As such, the management of the Group has proposed to enter into the 1H2025 QZ Framework Agreement with QZ Tours for a term of six months ending June 30, 2025, pending clarity as regards the resumption of flights to and from key tourist origin cities in Mainland China.

Despite the aforesaid, the Directors remain cautiously optimistic as regards the pace of recovery of the tourism market in Saipan in year 2025 with availability of flights to and from Hong Kong and other key tourist origin markets such as South Korea and Japan. As such, it is expected that Crowne Plaza Resort Saipan will continue to operate throughout 2025 and will remain well-positioned to capture any increase in demand. However, Kanoa Resort (to be rebranded as voco Resort Saipan) will likely remain closed pending commencement of renovation and rebranding works.

In determining the 2025 QZ Annual Cap for Holiday Package Transactions to be entered into during the term of the 1H2025 QZ Framework Agreement, the Directors have considered factors including (i) historical amounts under Holiday Package Transactions, in particular, the latest amounts since the resumption of direct flights between Hong Kong and Saipan in late April 2024, and (ii) estimated level of demand for the Group's tourism products and services in the six months ending June 30, 2025, taking into account the expected pace of recovery of the leisure tourism market in Saipan.

As such, the 2025 QZ Annual Cap has been arrived at on the assumptions that (i) Crowne Plaza Resort Saipan will continue to operate throughout year 2025, but Kanoa Resort (to be rebranded as voco Resort Saipan) will remain closed, (ii) all of the Group's other hotels, luxury travel retail boutiques and destination services in Saipan will continue to remain in full operation throughout year 2025, (iii) direct flights from various key cities in Mainland China to Saipan will not resume during the six months ending June 30, 2025; and (iv) demand for leisure travel to Saipan from Mainland China (travelling through Hong Kong) will continue to gradually recover in year 2025.

In view of the above, the Directors (including the independent non-executive Directors) consider that the 2025 QZ Annual Cap is fairly and reasonably determined. As mentioned above, to further safeguard the reasonableness and fairness of the Holiday Package Transactions, the 1H2025 QZ Framework Agreement provides that all sales agreements and individual purchase orders exceeding HK\$3.0 million (on an annual aggregate basis) must receive specific and express approval from the Audit Committee.

If the actual amount receivable by the Group under the Holiday Package Transactions shall exceed the 2025 QZ Annual Cap at any time during the term of the 1H2025 QZ Framework Agreement, the Company will re-comply with all applicable requirements under the Listing Rules accordingly.

It is expected that the Company will negotiate and enter into another framework agreement with QZ Tours for the second half of 2025 after the flight resumption schedule for Mainland China is confirmed, subject to the Company's compliance with the Listing Rules. In such case, the Company will revise the 2025 QZ Annual Cap accordingly and comply with all applicable requirements under the Listing Rules.

E. Information of QZ Tours and QZ Tours Group

QZ Tours is a tour operator based in Beijing. As part of its product offering, the QZ Tours Group charters flights from Mainland China to Saipan, procures local travel products and services from the Group and other independent suppliers, and sells them on to end-travelers through its extensive sales network and to other online travel agents and traditional travel agents. Aside from its business relationship with the Group, the QZ Tours Group has a diverse and sizeable base of accommodation and other travel service suppliers, including other hotels and resorts in Guam and Saipan.

The principal business activities of the QZ Tours Group include the operation of domestic, inbound and outbound leisure travel tours and arranging holidays for tourists from Mainland China.

QZ Tours is owned as to 99% by Mr. Zhou Xindong, who is a son-in-law of Dr. Tan Siu Lin (chairman of the Board, non-executive Director and controlling shareholder of the Company) and a brother-in-law of Dr. Tan Henry (vice chairman of the Board, executive Director, chief executive officer and controlling shareholder of the Company), and as to 1% by Ms. Zheng Zhifang (an independent third party).

F. Reasons and benefits of the renewal

The Group has developed a close and long-term collaboration with QZ Tours since 2012. Before the COVID-19 pandemic, QZ Tours has been providing the Group with a stable volume of room nights for its hotels and resorts. Since after the COVID-19 pandemic, in the year ended December 31, 2023, QZ Tours remains one of the largest customers of the Group, accounting for approximately 0.9% of the total sales of the Group.

A framework agreement between the Group and QZ Tours provides flexibility for the Group to, subject to approval from the Audit Committee, enter into the Holiday Package Transactions in the form of sales agreements or individual purchase orders based on the Group's operating conditions, and regulates the Holiday Package Transactions within the boundary of the Listing Rules. In addition, the 1H2025 QZ Framework Agreement does not restrict each of the parties from transacting with other China-based tour operators, giving the Group flexibility to select tour operators based on its operating needs and financial conditions. With QZ Tours' bulk purchase volume, the Directors believe that the Group could optimize its revenue and yield and hedge its risks against the cyclical and seasonal downside of the leisure tourism market in Saipan. Accordingly, the Directors consider that it is in the interest of the Group and the Shareholders as a whole to renew the existing framework agreement with QZ Tours so that the Group may continue to regulate current and future Holiday Package Transactions under a clear framework agreement.

Based on the above, the Directors (including the independent non-executive Directors) consider that (i) the terms and conditions of the 1H2025 QZ Framework Agreement and the 2025 QZ Annual Cap and (ii) the Holiday Package Transactions contemplated under the 1H2025 QZ Framework Agreement are and will be fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

G. Implications of the Listing Rules

As mentioned above, QZ Tours is owned as to 99% by Mr. Zhou Xindong, who is a son-in-law of Dr. Tan Siu Lin and a brother-in-law of Dr. Tan Henry. QZ Tours is thus a majority-controlled corporation of a deemed connected person of the Company under Rule 14A.21(1)(a) of the Listing Rules, and thus a deemed connected person of the Company under Rule 14A.21(1)(b) of the Listing Rules. As such, the transactions contemplated under the 1H2025 QZ Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratios for the 2025 QZ Annual Cap are more than 0.1% but less than 5%, the 1H2025 QZ Framework Agreement and the 2025 QZ Annual Cap are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

H. Directors' Interests

None of the Directors has a material interest in the 1H2025 QZ Framework Agreement and the 2025 QZ Annual Cap, but each of Dr. Tan Siu Lin, Dr. Tan Henry, Mrs. Su Tan Jennifer Sze Tink and Mr. Tan Willie has voluntarily abstained from voting on the board resolutions of the Company approving the 1H2025 QZ Framework Agreement and the 2025 QZ Annual Cap.

All other Directors (including the independent non-executive Directors) have reviewed and approved the 1H2025 QZ Framework Agreement and the 2025 QZ Annual Cap.

(2) 2025 TAKECARE FRAMEWORK AGREEMENT

A. Principal Terms of the 2025 TakeCare Framework Agreement

As disclosed in the 2021 Announcement and the 2021 Circular, the Group enters into Medical Insurance Transactions with TakeCare in its ordinary and usual course of business from time to time in respect of medical and dental insurance coverage for the Group's employees. Under the relevant insurance policies, the employee has the option to enhance his/her coverage and benefits and/or extend the coverage to his/her family members by paying additional insurance premium (to be settled through the Group initially and deducted from his/her salary).

On November 28, 2024, the Company entered into the 2025 TakeCare Framework Agreement with TakeCare in respect of the Medical Insurance Transactions, which will supersede the Existing TakeCare Framework Agreement with effect from January 1, 2025. Principal terms of the 2025 TakeCare Framework Agreement are as follows:

Term: Commencing from January 1, 2025 and expiring on December 31, 2025

Renewal: The parties may by mutual agreement renew the term of the 2025 TakeCare Framework Agreement for a period of not more than three years on the same terms and conditions (save that the parties shall determine and set out new annual cap(s) to apply for each year of the renewed term), subject always to compliance with the Listing Rules.

Medical Insurance Transactions: At any time during the term, the Group may from time to time enter into individual medical insurance policies with TakeCare for so long as they comply with the provisions of the 2025 TakeCare Framework Agreement and the Listing Rules.

Any Group Company may enter into Medical Insurance Transactions with TakeCare on terms to be agreed provided that the individual policies are, inter alia, (i) in writing, (ii) in the Group's ordinary and usual course of business, (iii) on normal commercial terms, (iv) in compliance with all applicable provisions under the Listing Rules, (v) within the agreed annual caps (or upon the Company taking the appropriate actions to comply with the Listing Rules in respect of any amounts in excess), and (vi) no less favorable to the Group compared to those offered by other independent insurers.

Termination: The 2025 TakeCare Framework Agreement (i) may be terminated by either party giving no less than a month's prior written notice, (ii) will be automatically terminated if TakeCare ceases to be a connected person under the Listing Rules, (iii) may be terminated if either party commits a material breach that is either non-rectifiable or not rectified within 28 days, and (iv) may be terminated if either party becomes a subject of insolvency or liquidation.

Pricing Policy: When making a decision to enter into a Medical Insurance Transaction with TakeCare, the Group would take into account, on a case-by-case basis and based on arm's length commercial negotiations with TakeCare (i) the insurance premium and extent of coverage offered by TakeCare as well as other independent insurers, (ii) the Group's number of employees and policies on staff benefits, and (iii) the Group's own budget and financial position.

B. Pricing policy and guidelines

The Group has established clear pricing policy and guidelines in respect of Medical Insurance Transactions with TakeCare. When considering any Medical Insurance policy proposal from TakeCare, the management of the relevant Group Company must obtain proposals for a similar policy from at least two independent insurance providers for comparison. The relevant management personnel must then carefully consider the proposals and determine whether the premium rates, policy terms, coverage and benefits offered by TakeCare are fair and reasonable and comparable to those offered by independent insurance providers.

Considering aforesaid, the Directors (including the independent non-executive Directors) are of the view that sufficient procedures are in place to ensure that the Medical Insurance Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

C. 2025 TakeCare Annual Cap

Pursuant to the 2025 TakeCare Framework Agreement, the Company and TakeCare have agreed on the 2025 TakeCare Annual Cap. Details of the historical transaction amounts paid by the Group to TakeCare under the Existing TakeCare Framework Agreement, as well as the 2025 TakeCare Annual Cap as agreed between the Company and TakeCare are set out below:

	For financial years ending December 31,		
	2022	2023	2024
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Original annual caps	1,834	2,933	3,080
Actual aggregate amounts paid to TakeCare	523 <i>Note</i>	1,086 <i>Note</i>	771 <i>Note</i> <i>(for the nine months ended September 30, 2024)</i>
	2025		
	<i>(US\$'000)</i>		
2025 TakeCare Annual Cap	1,190		

Note: There was low utilization of the original annual caps under the Existing TakeCare Framework Agreement for the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024. The low utilization was due to the fact that the original annual caps were determined towards the end of 2021 during the COVID-19 pandemic, when the Directors were cautiously optimistic that year 2022 would be a year of strong recovery for the global leisure travel industry in view of the increasing vaccination rates around the world. It was expected there would be a substantial increase in the number of employees of the Group to approximately 600 for the year ending December 31, 2022, and then to approximately 800 for the two years ending December 31, 2023 and 2024. However, unfortunately, the pace of recovery of the tourism market in Saipan continued to remain sluggish throughout 2022 to 2024 and the Group kept the number of employees low in order to save costs. As disclosed in the 2022 Annual Report, the 2023 Annual Report and the 2024 Interim Report, the Group had a total of 372, 402 and 351 full-time employees as at December 31, 2022, December 31, 2023 and June 30, 2024 respectively. With fewer employees, fewer Medical Insurance policies were taken out by the Group.

D. Basis of the 2025 TakeCare Annual Cap

The Group's two main hotels, Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam have reopened in late October 2022 and March 2023 respectively. It is expected that Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam will continue to operate throughout 2025 and will remain well-positioned to capture any increase in demand. However, Kanoa Resort (to be rebranded as voco Resort Saipan) will likely remain closed pending commencement of renovation and rebranding works. As at October 31, 2024, the Group has 311 full-time employees. The Directors do not expect that there will be any substantial increase in the number of employees for the year ending December 31, 2025.

In determining the 2025 TakeCare Annual Cap, the Directors have made reference to (i) historical amounts under Medical Insurance Transactions, (ii) the terms of the underlying Medical Insurance policies, (iii) the prevailing insurance premium offered by TakeCare, (iv) the current number of employees of the Group enrolled in Medical Insurance with TakeCare, and (v) the estimated number of employees of the Group in the future based on estimated operational needs as aforesaid.

The 2025 TakeCare Annual Cap has been arrived at on the assumptions that (i) all of the Group's hotels and resorts will remain in operation throughout year 2025, save and except Kanoa Resort (to be rebranded as voco Resort Saipan) which will remain closed, (ii) all of the Group's luxury travel retail boutiques and destination services will continue to remain in full operation throughout year 2025, and (iii) the Group will have approximately 370 employees for the year ending December 31, 2025.

In view of the above, the Directors (including the independent non-executive Directors) consider that the 2025 TakeCare Annual Cap is fairly and reasonably determined.

If the actual amount payable by the Group under Medical Insurance Transactions shall exceed the 2025 TakeCare Annual Cap during the term of the 2025 TakeCare Framework Agreement, the Company will re-comply with all applicable requirements under the Listing Rules accordingly.

E. Information of TakeCare

TakeCare is one of the leading medical and dental insurers in the CNMI and Guam with a sizable network of clinics. TakeCare has over 45 years of experience and provides integrated health plan administration, insurance coverage and clinical services to sizeable private sector employers and complex public agencies such as the Government of Guam, the Judiciary of Guam, Guam National Guard and the American Samoa Power Authority.

The principal business activities of TakeCare is the provision of medical and dental insurance coverage, integrated health plan administration and clinical services in the CNMI, Guam, Palau and American Samoa.

TakeCare is owned as to 93% indirectly by Tan Holdings (a controlling shareholder of the Company), 3.5% directly and 3.5% indirectly by Mr. Chiu George (an executive Director). Tan Holdings is ultimately owned by a discretionary family trust of which Dr. Tan Siu Lin is the founder. Dr. Tan Siu Lin and Dr. Tan Henry together control the majority of the protectors of said family trust as well as the majority of the board of directors of Supreme Success Limited, the trustee of the said family trust. Beneficiaries of the said family trust include Dr. Tan Siu Lin, Dr. Tan Henry and other members of their family. Hence, Tan Holdings is a 30%-controlled company of Dr. Tan Siu Lin (chairman of the Board, non-executive Director and controlling shareholder of the Company) and Dr. Tan Henry (vice chairman of the Board, executive Director, chief executive officer and controlling shareholder of the Company). As such, TakeCare is a 30%-controlled company of Dr. Tan Siu Lin and Dr. Tan Henry.

F. Reasons and benefits of the renewal

The Group purchases Medical Insurance for its employees from TakeCare in its ordinary and usual course of business. The 2025 TakeCare Framework Agreement provides flexibility for the Group to enter into Medical Insurance Transactions in the form of individual policies based on the Group's prevailing operating conditions and regulates the Medical Insurance Transactions within the boundary of the Listing Rules. Accordingly, the Directors consider that it is in the interest of the Group and the Shareholders as a whole to renew the existing framework agreement with TakeCare so that the Group may continue to regulate current and future Medical Insurance Transactions under a clear framework agreement.

Taking into account the scale and quality of TakeCare's operations in Guam and Saipan as well as the insurance premium and extent of coverage it offers, the Directors (including the independent non-executive Directors) consider that (i) the terms and conditions of the 2025 TakeCare Framework Agreements and the 2025 TakeCare Annual Cap, and (ii) the Medical Insurance Transactions contemplated under the 2025 TakeCare Framework Agreement are and will be fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

G. Implications of the Listing Rules

As mentioned above, TakeCare is a 30%-controlled company of Dr. Tan Siu Lin and Dr. Tan Henry. Hence, TakeCare is an associate of a connected person of the Company pursuant to Rule 14A.12(1)(c) of the Listing Rules, and the transactions contemplated under the 2025 TakeCare Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratios for the 2025 TakeCare Annual Cap are more than 0.1% but less than 5%, the 2025 TakeCare Framework Agreement and the 2025 TakeCare Annual Cap are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

H. Directors' Interests

Each of Dr. Tan Siu Lin and Dr. Tan Henry has a material interest in the 2025 TakeCare Framework Agreement and the 2025 TakeCare Annual Cap by reason of their indirect controlling interest in TakeCare. Mr. Chiu George is also considered to be materially interested by reason of his shareholding in TakeCare. Accordingly, each of Dr. Tan Siu Lin, Dr. Tan Henry and Mr. Chiu George has abstained from voting on the board resolutions of the Company approving the 2025 TakeCare Framework Agreement and the 2025 TakeCare Annual Cap. Further, Mrs. Su Tan Jennifer Sze Tink and Mr. Tan Willie have also voluntarily abstained from voting on the relevant board resolutions.

All other Directors (including the independent non-executive Directors) have reviewed and approved the 2025 TakeCare Framework Agreement and the 2025 TakeCare Annual Cap.

(3) 2025 CONSUMER GOODS FRAMEWORK AGREEMENTS

A. Principal Terms of the 2025 Consumer Goods Framework Agreements

As disclosed in the 2021 Announcement, the Group enters into the Consumer Goods Transactions with Cosmos and D&Q from time to time in its ordinary and usual course of business.

On November 28, 2024, the Company entered into the 2025 Cosmos Framework Agreement and 2025 D&Q Framework Agreement (on identical terms) with Cosmos and D&Q respectively in respect of the Consumer Goods Transactions, which will supersede the Existing Cosmos Framework Agreement and Existing D&Q Framework Agreement respectively with effect from January 1, 2025. Principal terms of the 2025 Consumer Goods Framework Agreements are as follows:

Term: Commencing from January 1, 2025 and expiring on December 31, 2025

Renewal: The parties may by mutual agreement renew the term of each of the 2025 Consumer Goods Framework Agreements for a period of not more than three years on the same terms and conditions (save that the parties shall determine and set out new annual cap(s) to apply for each year of the renewed term), subject always to compliance with the Listing Rules.

Consumer Goods Transactions: At any time during the term, the Group may from time to time enter into individual purchase orders with Cosmos/D&Q for so long as they comply with the provisions of the relevant Consumer Goods Framework Agreement and the Listing Rules.

The Group may enter into individual agreements with Cosmos/D&Q on terms to be agreed, provided always that such individual purchase orders are, inter alia, (i) in writing, (ii) in the Group's ordinary and usual course of business, (iii) on normal commercial terms, (iv) in compliance with all applicable provisions under the Listing Rules, (v) together with all other Consumer Goods Transactions, within the agreed annual caps (or upon the Company taking the appropriate actions to comply with the Listing Rules in respect of any amounts in excess) and (vi) no less favorable to the Group compared to those offered by other independent consumer goods wholesalers.

Termination:

Each of the 2025 Consumer Goods Framework Agreements (i) may be terminated by either party giving no less than a month's prior written notice, (ii) will be automatically terminated if Cosmos/D&Q ceases to be a connected person under the Listing Rules, (iii) may be terminated if either party commits a material breach that is either non-rectifiable or not rectified within 28 days, and (iv) may be terminated if either party becomes a subject of insolvency or liquidation.

Pricing Policy:

When making a decision on the terms and conditions of the Consumer Goods Transactions (including pricing, credit, payment and cancellation terms), the Group would take into account, on a case-by-case basis and based on arm's length commercial negotiations with Cosmos/D&Q, (i) volume of procurement, (ii) nature and requirements of supplies, (iii) prices otherwise offered by other independent consumer goods wholesalers, (iv) prevailing rates offered by Cosmos/D&Q for supplies to the Group, and (v) the Group's budget and financial conditions.

B. Pricing policy and guidelines

The Group has established clear pricing policy and guidelines in respect of Consumer Goods Transactions with Cosmos and D&Q. When considering any procurement of consumer goods (such as linens, towels, detergents and food and beverage ingredients for the Group's hotels and resorts operations) from Cosmos and/or D&Q, the management personnel of the relevant Group Company must carefully consider the prices and other terms and conditions offered by Cosmos/D&Q and determine whether they are fair and reasonable and more favorable to the Group than those offered by independent suppliers offering similar consumer goods of comparable quality and volume (if any).

As previously disclosed, the Group's two main hotels, namely Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, are currently being managed by the Hotel Manager. Under the terms of the hotel management agreements, the Hotel Manager has the right to determine all policies and procedures relating to the operation of the hotel. Such policies and procedures must be consistent with the approved annual budget, the relevant brand standards of the InterContinental Hotels Group as well as industry standards for similarly market-positioned hotels in the geographical area in which the relevant hotel is being operated.

As such, the pricing policy and guidelines for the Consumer Goods Transactions to be entered into with Cosmos/D&Q in respect of the consumer goods to be supplied to Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan will be determined and implemented by the Hotel Manager in accordance with the terms of the 2025 Consumer Goods Framework Agreements as well as the hotel management agreement for each hotel.

Considering aforesaid, coupled with the fact that most of the commercial negotiations with Cosmos/D&Q will be conducted through the Hotel Manager, the Directors (including the independent non-executive Directors) are of the view that sufficient procedures are in place to ensure that the Consumer Goods Transactions will be conducted in accordance with the terms of the 2025 Consumer Goods Framework Agreements, on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

C. 2025 Consumer Goods Annual Cap

Pursuant to the 2025 Consumer Goods Framework Agreements, the Company has agreed on the 2025 Consumer Goods Annual Cap with each of Cosmos and D&Q. Details of the historical transaction amounts paid by the Group to Cosmos and D&Q (on an aggregated basis) under the Existing Consumer Goods Framework Agreements, as well as the 2025 Consumer Goods Annual Cap as agreed between the Company, Cosmos and D&Q are set out below:

	For financial years ending December 31,		
	2022	2023	2024
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Original annual caps	1,046	1,098	1,153
Actual aggregate amounts paid to Cosmos and D&Q	50 <i>Note</i>	108 <i>Note</i>	113 <i>Note</i> <i>(for the</i> <i>nine months</i> <i>ended</i> <i>September 30,</i> <i>2024)</i>
	2025		
	<i>(US\$'000)</i>		
2025 Consumer Goods Annual Cap	151		

Note: There was low utilization of the original annual caps under the Existing Consumer Goods Framework Agreements for the two years ended December 31, 2022 and 2023, and the nine months ended September 30, 2024. The low utilization was due to the fact that the original annual caps were determined towards the end of 2021 during the COVID-19 pandemic, when the Directors were cautiously optimistic that year 2022 would be a year of strong recovery for the global leisure travel industry in view of the increasing vaccination rates around the world. It was expected that Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam will be reopened in March 2022 and April 2022 respectively, with Kanoa Resort (to be rebranded as voco Resort Saipan) to follow. However, due to the continued impact of the COVID-19 pandemic, Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam only reopened in late October 2022 and late March 2023 respectively, and Kanoa Resort remained closed since July 2022. The pace of recovery of the tourism market in Saipan continued to remain sluggish throughout 2022 to 2024. With the reduced demand for consumer goods for the Group's hotels and resorts business, fewer Consumer Goods Transactions were entered into by the Group.

D. Basis of the 2025 Consumer Goods Annual Cap

As mentioned above, the Directors remain cautiously optimistic as regards the pace of recovery of the tourism market in Saipan and Guam in year 2025, and it is expected that all of the Group's hotels and resorts (with the exception of Kanoa Resort) will remain in operation throughout year 2025.

In determining the 2025 Consumer Goods Annual Cap, the Directors have considered factors including (i) historical amounts under Consumer Goods Transactions, in particular, the latest amounts since the reopening of Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam, (ii) estimated operational needs of the Group in year 2025, taking into account the expected pace of recovery of the leisure tourism market in Guam and Saipan, (iii) prevailing rates offered by Cosmos and D&Q, and (iv) projected inflation.

As such, the 2025 Consumer Goods Annual Cap has been arrived at on the assumptions that (i) all of the Group's hotels and resorts (with the exception of Kanoa Resort) will be in operation throughout year 2025, (ii) the occupancy rates of the Group's hotels and resorts will continue to gradually recover in year 2025, and (iii) the prices for consumer goods will increase moderately due to inflation.

In view of the above, the Directors (including the independent non-executive Directors) consider that the 2025 Consumer Goods Annual Cap is fairly and reasonably determined.

In the event that the aggregate amounts under the Consumer Goods Transactions with Cosmos and D&Q shall exceed the 2025 Consumer Goods Annual Cap at any time during the term of the 2025 Consumer Goods Framework Agreements, the Company will re-comply with all applicable requirements under the Listing Rules accordingly

E. Information of Cosmos and D&Q

Cosmos and D&Q are wholesale distribution companies based in Guam with operations in Guam and Saipan of significant scale. Cosmos supply a wide range of products to leading hotels and restaurants, supermarkets and other retail establishments in Guam and Saipan, and is the exclusive distributor of various branded products. D&Q operates from Guam, Saipan and the Philippines and supplies branded consumer goods and food products to retail, military and institutional customers throughout the Micronesia region.

The principal business activities of each of Cosmos and D&Q is the wholesale distribution of consumer goods in Guam and Saipan.

Cosmos is owned as to 82.9% indirectly by Tan Holdings (a controlling shareholder of the Company) and 17.1% by Mr. Chiu George (an executive Director). D&Q is owned as to 85% indirectly by Tan Holdings (a controlling shareholder of the Company), 10% by Mr. Chiu George (an executive Director) and 5% by an independent third party. As mentioned above, Tan Holdings is a 30%-controlled company of Dr. Tan Siu Lin (chairman of the Board, non-executive Director and controlling shareholder of the Company) and Dr. Tan Henry (vice chairman of the Board, executive Director, chief executive officer and controlling shareholder of the Company). As such, each of Cosmos and D&Q is a 30%-controlled company of Dr. Tan Siu Lin and Dr. Tan Henry.

F. Reasons and benefits of the renewal

The 2025 Consumer Goods Framework Agreements provides the flexibility for the Group to enter into the Consumer Goods Transactions in the form of individual purchase orders based on the Group's prevailing operating conditions, and regulates the Consumer Goods Transactions within the boundary of the Listing Rules.

The Directors consider that the Consumer Goods Transactions to be made pursuant to the 2025 Consumer Goods Framework Agreements are in the interests of the Group and the Shareholders as a whole, taking into account the scale of the operations and quality of supplies of Cosmos and D&Q in Guam and Saipan, as well as the favorable rates and terms offered to the Group. In addition, Cosmos and D&Q do not impose a minimum purchase amount and offer favorable credit and payment terms to the Group compared to other independent suppliers. Accordingly, the Directors also consider that it is in the interest of the Group and the Shareholders as a whole to renew the Existing Consumer Goods Framework Agreement so that the Group may continue to regulate current and future Consumer Goods Transactions under a clear framework agreement.

Based on the above, the Directors (including the independent non-executive Directors) consider that (i) the terms and conditions of the 2025 Consumer Goods Framework Agreements and the 2025 Consumer Goods Annual Cap and (ii) the Consumer Goods Transactions contemplated under the 2025 Consumer Goods Framework Agreement are and will be fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

G. Implications of the Listing Rules

As mentioned above, each of Cosmos and D&Q is a 30%-controlled company of Dr. Tan Siu Lin and Dr. Tan Henry. Hence, each of Cosmos and D&Q is an associate of a connected person under Rule 14A.12(1)(c) of the Listing Rules. As such, the transactions contemplated under the 2025 Consumer Goods Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratios of the 2025 Consumer Goods Annual Cap are more than 0.1% but less than 5%, the 2025 Consumer Goods Framework Agreements and the 2025 Consumer Goods Annual Cap are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

H. Directors' Interests

Each of Dr. Tan Siu Lin and Dr. Tan Henry have a material interest in the 2025 Consumer Goods Framework Agreements by reason of their indirect controlling interest in Cosmos and D&Q. Mr. Chiu George is also considered to be materially interested by reason of his shareholding in each of Cosmos and D&Q. Accordingly, each of Dr. Tan Siu Lin, Dr. Tan Henry and Mr. Chiu George have abstained from voting on the board resolutions of the Company approving the 2025 Consumer Goods Framework Agreements and the 2025 Consumer Goods Annual Cap. Mrs. Su Tan Jennifer Sze Tink and Mr. Tan Willie have also voluntarily abstained from voting on the relevant board resolutions.

All other Directors (including the independent non-executive Directors) have reviewed and approved the 2025 Consumer Goods Framework Agreements and the 2025 Consumer Goods Annual Cap.

(4) 2025 CTSI FRAMEWORK AGREEMENT

A. Principal Terms of the 2025 CTSI Framework Agreement

As disclosed in the 2021 Announcement, the Group enters into the Freight and Logistics Transactions with the CTSI Group from time to time in its ordinary and usual course of business.

On November 28, 2024, the Company entered into the 2025 CTSI Framework Agreement with CTSI in respect of the Freight and Logistics Transactions, which will supersede the Existing CTSI Framework Agreement with effect from January 1, 2025. Principal terms of the 2025 CTSI Framework Agreement are as follows:

Term: Commencing from January 1, 2025 and expiring on December 31, 2025

Renewal: The parties may by mutual agreement renew the term of the 2025 CTSI Framework Agreement for a period of not more than three years on the same terms and conditions (save that the parties shall determine and set out new annual cap(s) to apply for each year of the renewed term), subject always to compliance with the Listing Rules.

Freight and Logistics Transactions: At any time during the term, the Group may from time to time enter into individual purchase orders with the CTSI Group for so long as they comply with the provisions of the 2025 CTSI Framework Agreement and the Listing Rules.

The Group may enter into individual purchase orders in respect of Freight and Logistics Transactions with the CTSI Group on terms to be agreed, provided always that such individual purchase orders are, inter alia, (i) in writing, (ii) in the Group's ordinary and usual course of business, (iii) on normal commercial terms, (iv) in compliance with all applicable provisions under the Listing Rules, (v) within the agreed annual caps (or upon the Company taking the appropriate actions to comply with the Listing Rules in respect of any amounts in excess), and (vi) no less favorable to the Group compared to those offered by other independent freight and logistics service providers.

Termination: The 2025 CTSI Framework Agreement (i) may be terminated by either party giving no less than a month's prior written notice, (ii) will be automatically terminated if CTSI ceases to be a connected person under the Listing Rules, (iii) may be terminated if either party commits a material breach that is either non-rectifiable or not rectified within 28 days, and (iv) may be terminated if either party becomes a subject of insolvency or liquidation.

Pricing Policy: When making a decision on the terms and conditions of the Freight and Logistics Transactions with the CTSI Group (including pricing, credit, payment and cancellation terms), the Group would take into account, on a case-by-case basis and based on arm's length commercial negotiations with the CTSI Group, (i) freight volume and size, (ii) nature and requirements of items on freight, (iii) freight charges otherwise offered by other independent freight and logistics service providers, (iv) prevailing rates offered by the CTSI Group for items of comparable nature, and (v) the Group's budget and financial position.

B. Pricing policy and guidelines

The Group has established clear pricing policy and guidelines in respect of Freight and Logistics Transactions with the CTSI Group. When considering the terms and conditions of each Freight and Logistics Transaction, the management personnel of the relevant Group Company must carefully consider the prices and other terms and conditions offered by the CTSI Group and determine whether they are fair and reasonable and more favorable to the Group than those offered by independent freight and logistics service providers offering services of comparable quality and capacity.

As previously disclosed, the Group's two main hotels, namely Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, are currently being managed by the Hotel Manager. As such, the pricing policy and guidelines for the Freight and Logistics Transactions to be entered into with the CTSI Group in respect of services to be supplied to these two hotels will be determined and implemented by the Hotel Manager in accordance with the terms of the 2025 CTSI Framework Agreements as well as the hotel management agreement for each hotel.

Considering aforesaid, coupled with the fact that most of the commercial negotiations with the CTSI Group will be conducted through the Hotel Manager, the Directors (including the independent non-executive Directors) are of the view that sufficient procedures are in place to ensure that the Freight and Logistics Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

C. 2025 CTSI Annual Cap

Pursuant to the 2025 CTSI Framework Agreement, the Company and CTSI have agreed on the 2025 CTSI Annual Cap. Details of the historical transaction amounts paid by the Group to the CTSI Group under the Existing CTSI Framework Agreement, as well as the 2025 CTSI Annual Cap as agreed between the Company and CTSI are set out below:

	For financial years ending December 31,		
	2022	2023	2024
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Original annual caps	1,255	970	1,024
Actual aggregate amounts paid to the CTSI Group	1,109	268 <i>Note</i>	259 <i>(for the nine months ended September 30, 2024)</i>
	2025		
	<i>(US\$'000)</i>		
2025 CTSI Annual Cap	672		

Note: There was low utilization of the original annual caps under the Existing CTSI Framework Agreements for the year ended December 31, 2023 and the nine months ended September 30, 2024. The low utilization was due to the fact that the original annual caps were determined towards the end of 2021 during the COVID-19 pandemic, when the Directors were cautiously optimistic that year 2022 would be a year of strong recovery for the global leisure travel industry in view of the increasing vaccination rates around the world. It was expected that Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam would be reopened in March 2022 and April 2022 respectively, and occupation rates would gradually resume. It was also assumed that Kanoa Resort (to be rebranded as voco Resort Saipan) would commence renovation and rebranding works in year 2022, increasing

demand for logistics services to source fixtures, furniture and other construction materials. Unfortunately, the pace of recovery of the tourism market in Saipan and Guam continued to remain sluggish throughout 2022 to 2024. As of the date of this announcement, the implementation of the renovation and rebranding works for Kanoa Resort has yet to commence and, accordingly, the demand for the Freight and Logistics Transactions was significantly reduced.

D. Basis of the 2025 CTSI Annual Cap

As mentioned above, the Directors remain cautiously optimistic as regards the pace of recovery of the tourism market in Saipan and Guam in year 2025. All of the Group's hotels and resorts is expected to remain in operation throughout year 2025, with the exception of Kanoa Resort (to be rebranded voco Resort Saipan), which will likely remain closed pending commencement of renovation and rebranding works.

In determining the 2025 CTSI Annual Cap, the Directors have considered factors including (i) historical amounts under the Freight and Logistics Transactions, in particular, the latest amounts since the reopening of Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam, (ii) estimated operational needs of the Group in year 2025, taking into account the expected pace of recovery of the leisure tourism market in Guam and Saipan, (iii) projected increase in fuel prices, and (iv) prevailing rates offered by the CTSI Group.

As such, the 2025 CTSI Annual Cap has been arrived at on the assumptions that (i) all of the Group's hotels and resorts (with the exception of Kanoa Resort) will be in operation throughout year 2025, (ii) the renovation and rebranding works of Kanoa Resort will not commence in year 2025, (iii) the occupancy rates of the Group's hotels and resorts will continue to gradually recover in year 2025, and (iv) all of the Group's luxury travel retail boutiques and destination services will resume full operations throughout year 2025.

In view of the above, the Directors (including the independent non-executive Directors) consider that the 2025 CTSI Annual Cap is fairly and reasonably determined.

In the event the actual amount payable by the Group to the CTSI Group under the Freight and Logistics Transactions shall exceed the 2025 CTSI Annual Cap at any time during the term of the 2025 CTSI Framework Agreement, the Company will re-comply with all applicable requirements under the Listing Rules accordingly.

E. Information of CTSI and the CTSI Group

The CTSI Group is a freight and logistics service provider in Guam and Saipan of significant scale. The principal business activities of the CTSI Group include provision of freight forwarding and logistics service in Guam, Saipan, Palau and the Federated States of Micronesia, including but not limited to contract logistics, warehousing, trucking, inventory control, equipment rentals and international freight forwarding.

CTSI is indirectly wholly-owned by Luen Thai Group, which is in turn owned as to 49% by Dr. Tan Henry (vice chairman of the Board, executive Director, chief executive officer and controlling shareholder of the Company). CTSI is hence a 30%-controlled company of Dr. Tan Henry.

F. Reasons and benefits of the renewal

The 2025 CTSI Framework Agreement provides flexibility for the Group to enter into the Freight and Logistics Transactions in the form of individual purchase orders based on the Group's prevailing operating conditions, and regulates the Freight and Logistics Transactions within the boundary of the Listing Rules.

The Directors noted that the terms and conditions for the Freight and Logistics Transactions made under the Existing CTSI Framework Agreement have been more favorable to the Group than those offered by other independent freight and logistics service providers. Taking into account the scale and quality of the CTSI Group's operations in Guam and Saipan and the favorable rates offered to the Group, the Directors are also of the view that the Freight and Logistics Transactions are in the interests of the Group and Shareholders as a whole. Accordingly, the Directors also consider that it is in the interest of the Group and the Shareholders as a whole to renew the Existing CTSI Framework Agreement so that the Group may continue to regulate current and future Freight and Logistics Transactions under a clear framework agreement.

Based on the above, the Directors (including the independent non-executive Directors) consider that (i) the terms and conditions of the 2025 CTSI Framework Agreement and the 2025 CTSI Annual Cap and (ii) the Freight and Logistics Transactions contemplated under the 2025 CTSI Framework Agreement are and will be fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

G. Implications of the Listing Rules

As mentioned above, CTSI is indirectly wholly-owned by Luen Thai Group, which is in turn owned as to 49% by Dr. Tan Henry. Hence, each member of the CTSI Group is a 30%-controlled company of Dr. Tan Henry and thus an associate of a connected person under Rule 14A.12(1)(c) of the Listing Rules. As such, the transactions contemplated under the 2025 CTSI Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratios of the 2025 CTSI Annual Cap are more than 0.1% but less than 5%, the 2025 CTSI Framework Agreement and the 2025 CTSI Annual Cap are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

H. Directors' Interests

Dr. Tan Henry has a material interest in the 2025 CTSI Framework Agreement and the 2025 CTSI Annual Cap by reason of his indirect controlling interest in CTSI. Accordingly, Dr. Tan Henry has abstained from voting on the board resolutions of the Company approving the 2025 CTSI Framework Agreement and the 2025 CTSI Annual Cap. Dr. Tan Siu Lin, Mr. Chiu George, Mrs. Su Tan Jennifer Sze Tink and Mr. Tan Willie have also voluntarily abstained from voting on the relevant board resolutions.

All other Directors (including the independent non-executive Directors) have reviewed and approved the 2025 CTSI Framework Agreement and the 2025 CTSI Annual Cap.

INTERNAL CONTROL MEASURES

The Audit Committee, which comprises only of the Group's independent non-executive Directors, continuously monitors and will continuously monitor the Group's continuing connected transactions on an on-going basis.

On an annual basis, an annual review report on continuing connected transactions will be compiled by the Audit Committee. The Audit Committee will carefully consider whether all of the continuing connected transactions of the Group are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or, if applicable, on terms no less favorable to the Group than those available to or from (as appropriate) independent third parties, and are fair and reasonable to the Group and in the interests of the Company and the Shareholders as a whole.

The Audit Committee is also empowered with various functions and powers to safeguard the annual review of the continuing connected transactions, including but not limited to meeting every six months to review the reports on continuing connected transactions, authority to appoint any financial or legal adviser as it considers necessary for its review, power to require alterations, modifications or changes to the terms of the continuing connected transactions in whatever manner as the independent non-executive Directors see fit to ensure all continuing connected transactions are carried out on an arm's length basis.

Directors who may be perceived to have conflicts of interests, such as Directors who hold controlling interests in the connected persons, will not participate in any meetings or discussions of the Board and the Audit Committee, or be included in any decision making processes relating to such conflicting matters.

In addition, the Audit Committee is also empowered under the 1H2025 QZ Framework Agreement to consider and, if appropriate, give specific and express approval to all sales agreements and individual purchase orders exceeding HK\$3.0 million on an annual aggregate basis (being the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules).

The Audit Committee is of the opinion that (i) the pricing policy and the terms under the 2025 Framework Agreements are clear and specific, (ii) the 2025 Annual Caps are fair and reasonable taking into account historical transaction and management projections, (iii) the methods and procedures established by the Company are sufficient to ensure that the transactions contemplated under the 2025 Framework Agreements will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, (iv) appropriate internal control procedures are in place, and the Company's internal audit will review the transactions contemplated under the 2025 Framework Agreements, and (v) they are provided by the management of the Company with sufficient information for the discharge of their duties.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) hotel and resort operations in Guam and Saipan; (ii) travel retail business of luxury and leisure clothing and accessories in Guam, Saipan and Hawaii; and (iii) the provision of destination services in Saipan including the operation of souvenir and convenience stores, the operation of excursion tours and the provision of land arrangement and concierge services.

Based on the 2024 Interim Report, the net asset value of the Company as at June 30, 2024 was approximately US\$41.5 million.

DEFINITIONS

1H2025 QZ Framework Agreement	the framework agreement entered into on November 28, 2024 between the Company and QZ Tours in respect of Holiday Package Transactions
2021 Announcement	the announcement issued by the Company dated November 10, 2021 in relation to the renewal of the Existing Framework Agreements for a period of three years from January 1, 2022 to December 31, 2024
2021 Circular	the circular issued by the Company to the Shareholders dated December 3, 2021 in relation to the renewal of the Existing QZ Framework Agreement and the Existing TakeCare Framework Agreement for a period of three years from January 1, 2022 to December 31, 2024
2022 Annual Report	the annual report of the Company dated March 30, 2023 for the financial year ended December 31, 2022
2023 Annual Report	the annual report of the Company dated March 26, 2024 for the financial year ended December 31, 2023
2024 Interim Report	the interim report of the Company dated August 29, 2024 for the six months ended June 30, 2024
2025 Annual Caps	the 2025 QZ Annual Cap, the 2025 TakeCare Annual Cap, the 2025 Consumer Goods Annual Cap and the 2025 CTSI Annual Cap collectively
2025 Consumer Goods Annual Cap	the proposed new annual cap in respect of the aggregated amounts payable by the Group to Cosmos and D&Q under the 2025 Consumer Goods Framework Agreements for the financial year ending December 31, 2025
2025 Consumer Goods Framework Agreements	the 2025 Cosmos Framework Agreement and the 2025 D&Q Framework Agreement collectively
2025 Cosmos Framework Agreement	the framework agreement entered into on November 28, 2024 between the Company and Cosmos in respect of Consumer Goods Transactions

2025 CTSI Annual Cap	the proposed new annual cap in respect of the amounts payable by the Group to CTSI under the 2025 CTSI Framework Agreement for the financial year ending December 31, 2025
2025 CTSI Framework Agreement	the framework agreement entered into on November 28, 2024 between the Company and CTSI in respect of Freight and Logistics Transactions
2025 D&Q Framework Agreement	the framework agreement entered into on November 28, 2024 between the Company and D&Q in respect of Consumer Goods Transactions
2025 Framework Agreements	the 1H2025 QZ Framework Agreement, the 2025 TakeCare Framework Agreement, the 2025 Consumer Goods Framework Agreements and the 2025 CTSI Framework Agreement collectively
2025 QZ Annual Cap	the proposed new annual cap in respect of the amounts payable by the QZ Tours Group to the Group under the 1H2025 QZ Framework Agreement for the financial year ending December 31, 2025
2025 TakeCare Annual Cap	the proposed new annual cap in respect of the amounts payable by the Group to TakeCare under the 2025 TakeCare Framework Agreement for the financial year ending December 31, 2025
2025 TakeCare Framework Agreement	the framework agreement entered into on November 28, 2024 between the Company and TakeCare in respect of Medical Insurance Transactions
30%-controlled company	has the meaning ascribed to it under the Listing Rules
annual cap	the cap (as contemplated under Rule 14A.53 of the Listing Rules) for a continuing connected transaction in a financial year
Audit Committee	the audit committee of the Board
Board	the board of Directors

CNMI	the Commonwealth of the Northern Mariana Islands, a U.S. territory located in the Western Pacific Region
Company	S.A.I. Leisure Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1832)
Consumer Goods Transactions	individual purchase orders from time to time made by the Group with Cosmos and/or D&Q, under which the Group procures miscellaneous supplies of consumer goods, such as linens, towels, detergents and food and beverage ingredients, principally for the Group’s hotels and resorts operations
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Cosmos	Cosmos Distributing Co., Ltd., a company incorporated under the laws of Guam with limited liability
Crowne Plaza Resort Guam	the Group’s hotel located in Tumon Bay, Guam which is currently operating as “Crowne Plaza Resort Guam”
Crowne Plaza Resort Saipan	the Group’s hotel located in Garapan, Saipan, which is currently operating as “Crowne Plaza Resort Saipan”
CTSI	CTSI Holdings Limited, a company incorporated under the laws of Guam with limited liability
CTSI Group	CTSI and its subsidiaries collectively
Director(s)	the director(s) of the Company
D&Q	D&Q Co., Ltd., a company incorporated under the laws of the CNMI with limited liability
Existing Consumer Goods Framework Agreements	the Existing Cosmos Framework Agreement and the Existing D&Q Framework Agreement collectively
Existing Cosmos Framework Agreement	the framework agreement entered into on April 9, 2019 between the Company and Cosmos in respect of Consumer Goods Transactions

Existing CTSI Framework Agreement	the framework agreement entered into on April 9, 2019 between the Company and CTSI in respect of Freight and Logistics Transactions
Existing D&Q Framework Agreement	the framework agreement entered into on April 9, 2019 between the Company and D&Q in respect of Consumer Goods Transactions
Existing Framework Agreements	the Existing QZ Framework Agreement, the Existing TakeCare Framework Agreement, the Existing Consumer Goods Framework Agreements and the Existing CTSI Framework Agreement, collectively
Existing QZ Framework Agreement	the framework agreement entered into on April 9, 2019 between the Company and QZ Tours in respect of Holiday Package Transactions
Existing TakeCare Framework Agreement	the framework agreement entered into on April 9, 2019 between the Company and TakeCare in respect of Medical Insurance Transactions
Freight and Logistics Transactions	individual purchase orders from time to time made by the Group with the CTSI Group, under which the Group procures warehousing, international freight forwarding, customs clearance and local courier services from the CTSI Group for the Group's miscellaneous fixtures, furniture, retail merchandises and miscellaneous supplies and documents
Group	the Company and its subsidiaries
Group Company	the Company or any of its subsidiaries
Guam	Guam, a U.S. territory located in the Western Pacific Region
Hawaii	the State of Hawaii, U.S.

Holiday Package Transactions	individual agreements from time to time made between the Group and the QZ Tours Group, pursuant to which the QZ Tours Group would (i) reserve bulk accommodation in the Group’s hotels and resorts, (ii) purchase meal coupons from the Group’s on-site restaurants and self-operated excursion tours, and (iii) procure destination-based, concierge and travel management services from the Group’s destination services business segment (including typical sales agreements that are negotiated and typically signed on an annual basis with the QZ Tours Group and individual purchase orders)
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hotel Manager	IHC Hotel Limited (a wholly-owned subsidiary of InterContinental Hotels Group), currently the hotel manager of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan
independent third party(ies)	has the meaning ascribed to it under the Listing Rules
InterContinental Hotels Group	InterContinental Hotels Group Plc., the shares of which are dual listed on the New York Stock Exchange (stock code: IHG) and the London Stock Exchange (stock code: IHG)
Kanoa Resort	the Group’s hotel located in Susupe, Saipan, currently known as “Kanoa Resort”
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Luen Thai Group	Luen Thai Group Limited, a company incorporated under the laws of the Commonwealth of the Bahamas
Mainland China	the PRC exclusive of Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

Medical Insurance	medical and dental insurance coverage for the Group's employees, where the employee also has the option to enhance his/her coverage and benefits and/or extend the coverage to his/her family members by paying additional insurance premium (to be settled through the Group initially and deducted from his/her salary)
Medical Insurance Transactions	individual insurance policies from time to time made between Group Companies and TakeCare in respect of Medical Insurance
PRC	the People's Republic of China
QZ Tours	泉州市世紀旅遊投資有限公司, a company established in the PRC on August 30, 2012 with limited liability
QZ Tours Group	QZ Tours and its subsidiaries collectively
Saipan	Saipan, the largest and most populated island in the CNMI
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) in the share capital of the Company
Shareholder(s)	holder(s) of Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
TakeCare	TakeCare Insurance Company, Inc., a company incorporated under the laws of Guam
Tan Holdings	Tan Holdings Corporation, a company incorporated under the laws of the CNMI with limited liability, which holds the entire issued share capital of THC Leisure and is a controlling shareholder of the Company
THC Leisure	THC Leisure Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, the controlling shareholder of the Company

U.S. the United States of America, its territories, its possessions and all areas subject to its jurisdiction

US\$ United States dollars, the lawful currency of the U.S.

On behalf of the Board
S.A.I. Leisure Group Company Limited
Henry Tan, BBS, JP
*Vice Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, November 28, 2024

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