



# 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

INTERIM  
REPORT  
2020



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**In case of any inconsistency between the English version and the Chinese version of this interim report, the English version shall prevail.**



# Corporate Information

## Board of Directors

### Executive Directors

Dr. TAN Henry, BBS, JP (*Vice Chairman and CEO*)

Mr. CHIU George

Mrs. SU TAN Jennifer Sze Tink

Mr. SCHWEIZER Jeffrey William

### Non-Executive Directors

Dr. TAN Siu Lin, SBS (*Chairman*)

Mr. TAN Willie

### Independent Non-Executive Directors

Prof. CHAN Pak Woon David

Mr. MA Andrew Chiu Cheung

Mr. CHAN Leung Choi Albert

### Audit Committee

Mr. MA Andrew Chiu Cheung (*Chairman*)

Prof. CHAN Pak Woon David

Mr. CHAN Leung Choi Albert

### Remuneration Committee

Mr. CHAN Leung Choi Albert (*Chairman*)

Prof. CHAN Pak Woon David

Dr. TAN Henry, BBS, JP

### Nomination Committee

Prof. CHAN Pak Woon David (*Chairman*)

Mr. CHAN Leung Choi Albert

Dr. TAN Henry, BBS, JP

### Chairman and Non-Executive Director

Dr. TAN Siu Lin, SBS

### Company Secretary

Ms. CHEUNG Pik Shan Bonnie

## Authorized Representatives

(for the purpose of the Listing Rules)

Dr. TAN Henry, BBS, JP

Ms. CHEUNG Pik Shan Bonnie

## Compliance Adviser

### Elstone Capital Limited

Suite 1612, 16/F

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

## Legal Advisers to our Company

*As to Hong Kong laws*

### Deacons

5th Floor

Alexandra House

18 Chater Road

Central, Hong Kong

*As to CNMI and Guam laws*

### Blair Sterling Johnson & Martinez, P.C.

238 Archbishop Flores Street

Suite 1008

Hagåtña Guam

96910-5205

## Auditor

### PricewaterhouseCoopers

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

22nd Floor

Prince's Building

Central, Hong Kong

## Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

# Corporate Information

## **Corporate headquarters and principal place of business registered under Part 16 of the Companies Ordinance**

5/F, Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

## **Principal Bankers**

**Bank of China (Hong Kong) Limited**  
**Bank of Hawaii, Hagatna Branch**  
**Bank of Hawaii, Gualo Rai Branch**  
**First Hawaiian Bank, Gualo Rai Branch**  
**The Hongkong and Shanghai Banking Corporation Limited**

## **Principal Share Registrar and Transfer Office**

**Conyers Trust Company (Cayman) Limited**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## **Hong Kong Branch Share Registrar and Transfer Office**

**Tricor Investor Services Limited**

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **Share Listing**

**The Stock Exchange of Hong Kong Limited**

(Stock Code: 1832)

## **Website**

[www.saileisuregroup.com](http://www.saileisuregroup.com)

# Report on Review of Interim Financial Information

## TO THE BOARD OF DIRECTORS OF S.A.I. LEISURE GROUP COMPANY LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 6 to 37, which comprises the interim condensed consolidated statement of financial position of S.A.I. Leisure Group Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at June 30, 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Report on Review of Interim Financial Information

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

## **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, August 27, 2020

# Condensed Consolidated Statement of Comprehensive Income

For the period ended June 30, 2020

		<b>Six months ended June 30,</b>	
	Note	<b>2020</b> <b>US\$'000</b> <b>(Unaudited)</b>	2019 US\$'000 (Unaudited)
Revenue	3	<b>28,945</b>	49,543
Cost of inventories sold	5	<b>(3,334)</b>	(8,030)
Food and beverage costs	5	<b>(1,000)</b>	(3,319)
Employee benefit expenses	5	<b>(9,345)</b>	(11,834)
Utilities, repairs and maintenance	5	<b>(2,207)</b>	(3,083)
Other losses, net	4	<b>(5)</b>	(253)
Operating and other expenses	5	<b>(12,897)</b>	(17,150)
<b>Operating profit</b>		<b>157</b>	5,874
Finance income	6	<b>231</b>	83
Finance costs	6	<b>(386)</b>	(375)
Finance costs, net	6	<b>(155)</b>	(292)
<b>Profit before income tax</b>		<b>2</b>	5,582
Income tax credit/(expense)	7	<b>82</b>	(67)
<b>Profit for the period</b>		<b>84</b>	5,515
<b>Other comprehensive loss</b>			
Item that may be reclassified to profit or loss			
Change in value of debt investment at fair value through other comprehensive income		<b>(4)</b>	—
<b>Total comprehensive income for the year</b>		<b>80</b>	5,515

# Condensed Consolidated Statement of Comprehensive Income

For the period ended June 30, 2020

		<b>Six months ended June 30,</b>	
Note	<b>2020</b>	2019	
	<b>US\$'000</b>	US\$'000	
	<b>(Unaudited)</b>	(Unaudited)	
<b>Profit/(loss) attributable to:</b>			
Owners of the Company	<b>538</b>	5,534	
Non-controlling interests	<b>(454)</b>	(19)	
	<b>84</b>	5,515	
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company	<b>534</b>	5,534	
Non-controlling interests	<b>(454)</b>	(19)	
	<b>80</b>	5,515	
<b>Earnings per share attributable to owners of the Company</b>			
— Basic and diluted (US cents)	<b>0.1</b>	2.0	8

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



# Condensed Consolidated Statement of Financial Position

As at June 30, 2020

	Note	As at June 30, 2020 US\$'000 (Unaudited)	As at December 31, 2019 US\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	54,016	51,478
Investment properties	11	2,450	2,507
Intangible assets	12	296	357
Deferred income tax assets		1,996	2,035
Deposits and prepayments	15	1,996	681
Financial asset at fair value through other comprehensive income		503	507
		<b>61,257</b>	57,565
<b>Current assets</b>			
Inventories	13	8,531	8,290
Trade receivables	14	12,642	3,551
Deposits, prepayments and other receivables	15	2,217	2,668
Amounts due from related parties	18(c)	13	50
Income tax recoverable		2,496	2,461
Cash and cash equivalents		48,541	56,602
		<b>74,440</b>	73,622
<b>Total assets</b>		<b>135,697</b>	131,187
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	461	461
Share premium	16	38,122	38,122
Merger reserve		27,006	27,006
Other reserve		4,835	4,839
Retained earnings		31,329	31,801
		<b>101,753</b>	102,229
Non-controlling interests		903	1,357
<b>Total equity</b>		<b>102,656</b>	103,586

# Condensed Consolidated Statement of Financial Position

As at June 30, 2020

	Note	As at June 30, 2020 US\$'000 (Unaudited)	As at December 31, 2019 US\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		18,319	14,714
Deferred income tax liabilities		640	762
		<b>18,959</b>	15,476
<b>Current liabilities</b>			
Trade and other payables	17	11,782	9,086
Contract liabilities		74	413
Lease liabilities		2,135	2,481
Amounts due to related parties	18(c)	62	70
Income tax payable		29	75
		<b>14,082</b>	12,125
<b>Total liabilities</b>		<b>33,041</b>	27,601
<b>Total equity and liabilities</b>		<b>135,697</b>	131,187

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Changes In Equity

For the period ended June 30, 2020

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Other reserve	Retained earnings	Subtotal		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note 16)	(Note 16)						
<b>(Unaudited)</b>								
<b>Balance at January 1, 2019</b>	–	–	27,006	4,809	21,701	53,516	1,609	55,125
<b>Profit/(loss) and the total comprehensive income/(loss) for the period</b>	–	–	–	–	5,534	5,534	(19)	5,515
<b>Transactions with owners in their capacity as owners:</b>								
Issue of shares by Capitalization Issue	346	(346)	–	–	–	–	–	–
Issue of shares pursuant to the initial public offering	115	40,731	–	–	–	40,846	–	40,846
Listing expenses related to the issue of new shares	–	(2,263)	–	–	–	(2,263)	–	(2,263)
<b>Total transactions with owners</b>	461	38,122	–	–	–	38,583	–	38,583
<b>Balance at June 30, 2019</b>	461	38,122	27,006	4,809	27,235	97,633	1,590	99,223

# Condensed Consolidated Statement of Changes In Equity

For the period ended June 30, 2020

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Other reserve	Retained earnings	Subtotal		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note 16)	(Note 16)						
<b>(Unaudited)</b>								
<b>Balance at January 1, 2020</b>	461	38,122	27,006	4,839	31,801	102,229	1,357	103,586
<b>Profit/(loss) for the period</b>	-	-	-	-	538	538	(454)	84
<b>Other comprehensive loss:</b>								
Changes in value of debt investments at fair value through other comprehensive income	-	-	-	(4)	-	(4)	-	(4)
	-	-	-	(4)	538	534	(454)	80
<b>Transactions with owners in their capacity as owners:</b>								
Dividend declared	-	-	-	-	(1,010)	(1,010)	-	(1,010)
<b>Total transactions with owners</b>	-	-	-	-	(1,010)	(1,010)	-	(1,010)
<b>Balance at June 30, 2020</b>	461	38,122	27,006	4,835	31,329	101,753	903	102,656

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Cash Flows

For the period ended June 30, 2020

	<b>Six months ended June 30,</b>	
	<b>2020</b> <b>US\$'000</b> <b>(Unaudited)</b>	2019 US\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Net cash (used in)/generated from operations	<b>(2,635)</b>	5,309
Income taxes paid	<b>(81)</b>	(205)
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,716)</b>	5,104
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(3,002)</b>	(881)
Purchase of intangible assets	<b>(8)</b>	—
Proceeds from disposal of property, plant and equipment	<b>—</b>	168
Interest received	<b>231</b>	83
<b>Net cash used in investing activities</b>	<b>(2,779)</b>	(630)
<b>Cash flows from financing activities</b>		
Proceeds from issue of new ordinary shares upon listings	<b>—</b>	40,846
Transaction costs attributable to issuance of ordinary shares	<b>—</b>	(2,263)
Principal elements of lease payments	<b>(1,170)</b>	(1,161)
Interest paid	<b>(386)</b>	(375)
Dividends paid	<b>(1,010)</b>	—
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,566)</b>	37,047
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,061)</b>	41,521
Cash and cash equivalents at beginning of period	<b>56,602</b>	4,792
<b>Cash and cash equivalents at end of the period</b>	<b>48,541</b>	46,313

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 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.

The Company has had its shares listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since May 16, 2019 (the “**Listing Date**”).

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 of Directors on August 27, 2020.

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

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 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, 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

### (a) New and amended standards and interpretations adopted by the Group

The Group has adopted and applied, for the first time, the following new standards that have been issued and effective for the accounting period beginning on January 1, 2020:

Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

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

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 2 BASIS OF PREPARATION *(Continued)*

### (b) Early adoption of amendment to HKFRSs

The following amendments to HKFRS, which is applicable to the Group but are not yet effective for the current period, have been early adopted in current year:

Amendments to HKFRS 16                      COVID-19 — Related Rent Concession

The amendment provides lessees with exemption from assessing whether COVID-19-related rent concession is a lease modification and requires lessees that apply the exemption to account for COVID-19-related rent concession as if they were not lease modifications. In applying Amendments to HKFRS 16 for the first time, the Group has applied the practical expedient and elected not to assess whether COVID-19-related rent concession is a lease modification. The COVID-19-related rent concessions amounting to US\$189,000 have been credited to the condensed consolidated statement of comprehensive income.

The preparation of these Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2019.



# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 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 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.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 3 SEGMENT AND REVENUE INFORMATION (Continued)

The segment information provided to the Group's CODM for the reportable segments for the periods ended June 30, 2020 and 2019 are as follows:

	For the six months ended June 30, 2020				
	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Unallocated US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
<b>Revenue</b>					
Total segment revenue	22,677	5,916	392	–	28,985
Inter-segment revenue	(40)	–	–	–	(40)
<b>Revenue from external customers</b>	<b>22,637</b>	<b>5,916</b>	<b>392</b>	<b>–</b>	<b>28,945</b>
<b>Timing of revenue recognition</b>					
At a point of time	6,070	5,916	346	–	12,332
Over time	10,193	–	46	–	10,239
Revenue from other source	6,374	–	–	–	6,374
	<b>22,637</b>	<b>5,916</b>	<b>392</b>	<b>–</b>	<b>28,945</b>
Segment results	3,934	(2,229)	(363)	(1,180)	162
Other losses, net					(5)
Finance income					231
Finance costs					(386)
<b>Profit before income tax</b>					<b>2</b>
Income tax credit					82
<b>Profit for the period</b>					<b>84</b>
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
Provision for impairment of trade receivables	–	–	–	–	–
Impairment loss on property, plant and equipment and right-of-use assets	–	529	–	–	529
Additions of property, plant and equipment	2,996	–	4	2	3,002

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 3 SEGMENT AND REVENUE INFORMATION (Continued)

	For the six months ended June 30, 2019			
	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
<b>Revenue</b>				
Total segment revenue	33,067	14,707	1,860	49,634
Inter-segment revenue	(91)	—	—	(91)
<b>Revenue from external customers</b>	32,976	14,707	1,860	49,543
<b>Timing of revenue recognition</b>				
At a point of time	10,350	14,707	1,639	26,696
Over time	22,116	—	221	22,337
Revenue from other source	510	—	—	510
	32,976	14,707	1,860	49,543
Segment results	7,223	327	210	7,760
Unallocated corporate expenses				(144)
Listing expenses				(1,489)
Other losses, net				(253)
Finance income				83
Finance costs				(375)
<b>Profit before income tax</b>				5,582
Income tax expense				(67)
<b>Profit for the period</b>				5,515
Profit for the period includes:				
Depreciation for property, plant and equipment	2,511	1,640	129	4,280
Depreciation for investment properties	58	—	—	58
Amortization for intangible assets	58	1	1	60
Provision for obsolete inventories	8	21	6	35
Provision for impairment of trade receivables	28	—	—	28
Additions of property, plant and equipment	790	275	23	1,088

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 3 SEGMENT AND REVENUE INFORMATION *(Continued)*

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other losses, net</b>		
Net exchange losses	<b>5</b>	251
Losses on disposal of property, plant and equipment	<b>—</b>	2
	<b>5</b>	253

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 5 EXPENSES BY NATURE

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>3,334</b>	8,030
Food and beverage costs	<b>1,000</b>	3,319
Employee benefit expenses	<b>9,345</b>	11,834
Utilities, repairs and maintenance	<b>2,207</b>	3,083
Short-term leases expenses*	<b>59</b>	348
Variable lease payments*	<b>181</b>	681
Rent concession related to COVID-19*	<b>(189)</b>	—
Depreciation on property, plant and equipment*	<b>4,364</b>	4,280
Depreciation on investment properties*	<b>57</b>	58
Amortization on intangible assets*	<b>69</b>	60
Other taxes and licenses*	<b>1,509</b>	2,486
Supplies and tools*	<b>782</b>	1,523
Shared-services expenses*	<b>161</b>	133
Laundry expenses*	<b>275</b>	614
Temporary labour costs*	<b>107</b>	317
Commission expenses*	<b>744</b>	1,110
Insurance expenses*	<b>696</b>	657
Provision for impairment of trade receivables*	<b>—</b>	28
Provision for obsolete inventories*	<b>298</b>	35
Impairment loss on property, plant and equipment and right-of-use assets*	<b>529</b>	—
Listing expenses*	<b>—</b>	1,489
Other miscellaneous expenses* (Note a)	<b>3,255</b>	3,331
	<b>28,783</b>	43,416

\* Included in "Operating and other expenses".

Note:

(a) Other miscellaneous expenses mainly represent communication, transportation, hotel management fees and entertainment expenses.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 5 EXPENSES BY NATURE *(Continued)*

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Representing:		
Cost of inventories sold	<b>3,334</b>	8,030
Food and beverage costs	<b>1,000</b>	3,319
Employee benefit expenses	<b>9,345</b>	11,834
Utilities, repairs and maintenance	<b>2,207</b>	3,083
Operating and other expenses	<b>12,897</b>	17,150
	<b>28,783</b>	43,416

## 6 FINANCE COSTS, NET

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Finance costs:		
— Interest expense on lease liabilities	<b>(386)</b>	(375)
	<b>(386)</b>	(375)
Finance income:		
— Interest income from bank deposits	<b>231</b>	83
	<b>231</b>	83
Finance costs, net	<b>(155)</b>	(292)

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 7 INCOME TAX (CREDIT)/EXPENSE

Taxation on profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Current tax</b>		
United States corporate income tax	—	247
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(82)</b>	(180)
	<b>(82)</b>	67

The Group's subsidiaries incorporated in the Commonwealth of the Northern Mariana Islands ("**CNMI**") ,Guam and Hawaii were subject to 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, 2020 and 2019.

The CNMI legislation provides for 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, 2020, the CNMI and Guam entities comprising the Group 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.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 8 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issuance of shares in connection with the Reorganization completed on November 16, 2018 and the shares issued pursuant to the Capitalization Issue (as defined in Note 16(a)) were deemed to have been in issue since January 1, 2018.

	Six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to owners of the Company (US\$'000)	538	5,534
Weighted average number of ordinary shares in issue (thousands)	360,000	281,342
Basic earnings per share (US cents)	0.1	2.0

### (b) Diluted

Diluted earnings per share for the six months ended June 30, 2020 and 2019 is the same as the basic earnings per share as there was no potential dilutive ordinary shares outstanding during the periods.

## 9 DIVIDEND

A final dividend of US0.28 cent per share for the year ended December 31, 2019, amounting to US\$1,010,000 was paid during the six months ended June 30, 2020.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended June 30, 2020 (for the six months ended June 30, 2019: Nil).



# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets US\$'000	Buildings US\$'000	Renovation and leasehold improvements US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles US\$'000	Construction in progress US\$'000	Total US\$'000
(Unaudited)								
<b>As at January 1, 2019</b>								
Cost	19,230	48,593	25,622	9,323	8,455	971	776	112,970
Accumulated depreciation	–	(26,468)	(15,595)	(6,148)	(6,957)	(370)	–	(55,538)
	19,230	22,125	10,027	3,175	1,498	601	776	57,432
<b>Period ended June 30, 2019</b>								
Opening net book amount	19,230	22,125	10,027	3,175	1,498	601	776	57,432
Additions	171	–	442	140	283	52	–	1,088
Disposals	–	–	(106)	(13)	(3)	(40)	(8)	(170)
Transfer	–	–	83	–	74	–	(157)	–
Depreciation charges	(1,349)	(527)	(1,431)	(442)	(474)	(57)	–	(4,280)
Closing net book amount	18,052	21,598	9,015	2,860	1,378	556	611	54,070
<b>As at June 30, 2019</b>								
Cost	19,401	48,593	26,041	9,450	8,809	983	611	113,888
Accumulated depreciation	(1,349)	(26,995)	(17,026)	(6,590)	(7,431)	(427)	–	(59,818)
Net book amount	18,052	21,598	9,015	2,860	1,378	556	611	54,070

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 10 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets US\$'000	Buildings US\$'000	Renovation and leasehold improvements US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles US\$'000	Construction in progress US\$'000	Total US\$'000
(Unaudited)								
<b>As at January 1, 2020</b>								
Cost	19,947	48,593	26,215	10,820	9,070	984	117	115,746
Accumulated depreciation	(2,802)	(27,521)	(18,489)	(7,078)	(7,854)	(524)	–	(64,268)
Net book amount as restated	17,145	21,072	7,726	3,742	1,216	460	117	51,478
<b>Period ended June 30, 2020</b>								
Opening net book amount	17,145	21,072	7,726	3,742	1,216	460	117	51,478
Lease modifications	4,429	–	–	–	–	–	–	4,429
Additions	–	18	154	367	66	30	2,367	3,002
Depreciation charges	(1,361)	(527)	(1,502)	(559)	(320)	(95)	–	(4,364)
Impairment	(225)	–	(304)	–	–	–	–	(529)
Closing net book amount	19,988	20,563	6,074	3,550	962	395	2,484	54,016
<b>As at June 30, 2020</b>								
Cost	24,151	48,611	26,065	11,187	9,136	1,014	2,484	122,648
Accumulated depreciation	(4,163)	(28,048)	(19,991)	(7,637)	(8,174)	(619)	–	(68,632)
Net book amount	19,988	20,563	6,074	3,550	962	395	2,484	54,016

The carrying amount of the retail store assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts reviewed by management covering the remaining tenure of the lease, with major assumptions such as percentage change in gross profit margin and percentage change in operating costs. As a result, an impairment loss of property, plant and equipment (including right-of-use assets) of US\$529,000 (2019: Nil) was recognized in the condensed consolidated statement of comprehensive income.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 11 INVESTMENT PROPERTIES

	US\$'000 (Unaudited)
<b>As at January 1, 2019</b>	
Cost	4,322
Accumulated depreciation	(1,700)
	<hr/>
Net book amount	2,622
	<hr/>
<b>Period ended June 30, 2019</b>	
Opening net book amount	2,622
Depreciation charge	(58)
	<hr/>
Closing net book amount	2,564
	<hr/>
<b>As at June 30, 2019</b>	
Cost	4,322
Accumulated depreciation	(1,758)
	<hr/>
Net book amount	2,564
	<hr/>
<b>As at January 1, 2020</b>	
Cost	<b>4,322</b>
Accumulated depreciation	<b>(1,815)</b>
	<hr/>
Net book amount	<b>2,507</b>
	<hr/>
<b>Period ended June 30, 2020</b>	
Opening net book amount	<b>2,507</b>
Depreciation charge	<b>(57)</b>
	<hr/>
Closing net book amount	<b>2,450</b>
	<hr/>
<b>As at June 30, 2020</b>	
Cost	<b>4,322</b>
Accumulated depreciation	<b>(1,872)</b>
	<hr/>
Net book amount	<b>2,450</b>
	<hr/>

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 12 INTANGIBLE ASSETS

	<b>Computer software</b> US\$'000 (Unaudited)
<b>As at January 1, 2019</b>	
Cost	757
Accumulated amortization	(335)
	<hr/>
Net book amount	422
	<hr/>
<b>Period ended June 30, 2019</b>	
Opening net book amount	422
Amortization charge	(60)
	<hr/>
Closing net book amount	362
	<hr/>
<b>As at June 30, 2019</b>	
Cost	757
Accumulated amortization	(395)
	<hr/>
Net book amount	362
	<hr/>
<b>As at January 1, 2020</b>	
Cost	<b>817</b>
Accumulated amortization	<b>(460)</b>
	<hr/>
Net book amount	<b>357</b>
	<hr/>
<b>Period ended June 30, 2020</b>	
Opening net book amount	<b>357</b>
Addition	<b>8</b>
Amortization charge	<b>(69)</b>
	<hr/>
Closing net book amount	<b>296</b>
	<hr/>
<b>As at June 30, 2020</b>	
Cost	<b>825</b>
Accumulated amortization	<b>(529)</b>
	<hr/>
Net book amount	<b>296</b>
	<hr/>

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 13 INVENTORIES

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Merchandises	<b>8,531</b>	8,290

During the period ended June 30, 2020, the Group has made a provision of US\$298,000 (2019: US\$35,000) for slow moving inventories and was included in operating and other expenses.

## 14 TRADE RECEIVABLES

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Trade receivables from third parties (Note a)	<b>12,855</b>	2,912
Less: provision for impairment	<b>(216)</b>	(216)
	<b>12,639</b>	2,696
Amounts due from related parties (Note b)	<b>3</b>	855
Total trade receivables, net	<b>12,642</b>	3,551

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 14 TRADE RECEIVABLES (Continued)

Notes:

- (a) Trade receivables from third parties

The majority of the Group's sales are with credit terms of 30 days from the invoice date. As at June 30, 2020 and December 31, 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Within 30 days	2,474	2,108
31 to 60 days	5,450	419
61 to 90 days	3,132	33
Over 90 days	1,799	352
	<b>12,855</b>	2,912

- (b) Amounts due from related parties

As at June 30, 2020 and December 31, 2019, the amounts due from related parties are unsecured, interest-free and with credit terms of 30 days.

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

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Within 30 days	3	782
31 to 60 days	—	6
61 to 90 days	—	18
Over 90 days	—	49
	<b>3</b>	855

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\$.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Deposits	<b>934</b>	681
Prepayments	<b>3,261</b>	2,643
Other receivables	<b>18</b>	25
	<b>4,213</b>	3,349
Less: non-current portion		
Rental and utility deposits	<b>(934)</b>	(681)
Prepayments for property, plant and equipment	<b>(1,062)</b>	—
	<b>(1,996)</b>	(681)
Current portion	<b>2,217</b>	2,668

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above. The Group does not hold collateral as security.

The carrying amounts of deposits and other receivables approximate their fair values and are denominated in US\$.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 16 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Nominal value of ordinary shares US\$'000	Share premium US\$'000
As at January 1, 2019	1	—	—
Shares issued pursuant to the Capitalization Issue (Note (a))	269,999,999	346	(346)
Shares issued pursuant to the share offer in Listing (Note (b))	90,000,000	115	40,731
Listing expenses related to the issue of new shares (Note (c))	—	—	(2,263)
As at December 31, 2019 (Audited) and June 30, 2020 (Unaudited)	360,000,000	461	38,122

Notes:

- (a) Pursuant to a sole shareholder's resolution dated April 9 2019, the Company issued additional 269,999,999 shares (the "**Capitalization Issue**"), credited as fully paid, to THC Leisure Holdings Limited, by way of capitalization of US\$346,000 crediting to the Company's share premium account.
- (b) Pursuant to the initial public offering and Listing on May 16, 2019, the Company issued 90,000,000 shares at a price of HK\$3.54 per share for a total of HK\$318,600,000 (equivalent to approximately US\$40,846,000).
- (c) The issuance costs in connection with the Listing amounted to US\$2,263,000 were charged to the Company's share premium account.



# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 17 TRADE AND OTHER PAYABLES

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Trade payables		
— to third parties (Note a)	<b>1,163</b>	3,162
— to related parties (Note b)	<b>26</b>	79
	<b>1,189</b>	3,241
Total trade payables	<b>1,189</b>	3,241
Accruals and other payables		
— Accrued employee benefit expenses	<b>1,290</b>	800
— Other taxes payable	<b>649</b>	1,088
— Accruals for listing expenses	<b>—</b>	282
— Other accruals and payables	<b>8,654</b>	3,675
	<b>10,593</b>	5,845
	<b>11,782</b>	9,086

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 17 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) Trade payables to third parties

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

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Within 30 days	<b>1,023</b>	2,564
31 to 60 days	<b>96</b>	502
61 to 90 days	<b>7</b>	76
Over 90 days	<b>37</b>	20
	<b>1,163</b>	3,162

- (b) Amounts due to related parties

As at June 30, 2020 and December 31, 2019, 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:

	<b>As at June 30, 2020 US\$'000 (Unaudited)</b>	As at December 31, 2019 US\$'000 (Audited)
Within 30 days	<b>3</b>	35
31 to 60 days	<b>—</b>	44
Over 90 days	<b>23</b>	—
	<b>26</b>	79

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 18 RELATED PARTY TRANSACTIONS

### (a) Significant transactions with related parties:

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial information, during the six months ended June 30, 2020 and 2019, the following significant transactions were carried out with related parties:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Rental income and expenses recharged</b> Strategic Gaming Solution, Inc.	<b>56</b>	124
<b>Hotel service income</b> Centours International Travel Co., Ltd.	<b>624</b>	6,451
<b>Freight forwarding and logistics service</b> The CTSI Group	<b>236</b>	458
<b>Shared-services expenses</b> L&T Group of Companies Ltd.	<b>156</b>	112
The CTSI Group	<b>5</b>	21
	<b>161</b>	133

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 18 RELATED PARTY TRANSACTIONS *(Continued)*

### (a) Significant transactions with related parties: *(Continued)*

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Staff costs recharged</b>		
L&T Group of Companies Ltd.	<b>54</b>	57
<b>Purchase of merchandises</b>		
D&Q Co. Ltd.	<b>111</b>	252
Cosmos Distributing Co. Ltd.	<b>71</b>	137
	<b>182</b>	389
<b>Insurance fee</b>		
TakeCare Insurance Co. Ltd.	<b>868</b>	1,064
<b>Rental expenses and expenses charged</b>		
Beach Road Tourism Development, Inc.	<b>182</b>	317
L&T Group of Companies Ltd.	<b>36</b>	28
Luen Thai International Development Limited	<b>29</b>	15
	<b>247</b>	360

The pricing of these transactions was determined based on mutual negotiation and agreement between the Group and related parties.

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 18 RELATED PARTY TRANSACTIONS (Continued)

### (b) Key management compensation

Key management includes directors and senior management of the Group. The compensation paid or payable to key management for employees' services is shown below:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Wage, salaries, bonuses and other allowances and benefits in kind	<b>505</b>	187
Pension costs — defined contribution plan	<b>3</b>	2
	<b>508</b>	189

### (c) Amounts due from/(to) related parties

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2020</b>	2019
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Non-trade receivables from (Note (i))</b>		
Related parties	<b>13</b>	50
<b>Trade receivables from (Note (ii))</b>		
Related parties	<b>3</b>	855
<b>Non-trade payables to (Note (iii))</b>		
Related parties	<b>(62)</b>	(70)
<b>Trade payables to (Note (ii))</b>		
Related parties	<b>(26)</b>	(79)

# Notes to the Condensed Consolidated Interim Financial Information

For the period ended June 30, 2020

## 18 RELATED PARTY TRANSACTIONS *(Continued)*

### (c) Amounts due from/(to) related parties *(Continued)*

Notes:

- (i) As at June 30, 2020 and December 31, 2019, the non-trade receivables balances from related parties represented prepaid expenses for services to be rendered by the related parties.
- (ii) As at June 30, 2020 and December 31, 2019, trade receivables/trade payables balances from/to related parties were unsecured, interest-free and with credit terms of 30 days and approximate their fair values.
- (iii) As at June 30, 2020 and December 31, 2019, non-trade payables balances to the related parties were unsecured, interest-free and repayable on demand.

The balances with related parties are denominated in US\$.

## 19 EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2020, the global spread of the Coronavirus Disease 2019 (“**COVID-19**”) continues and the various precautionary measures imposed by governments around the world are still in place (including but not limited to travel bans and limited business hours). The business operations of some of the Group’s hotels and resorts in Saipan and Guam, some of the Group’s luxury travel retail boutiques in Saipan, Guam and Hawaii, as well as the Group’s destination services in Saipan are still temporarily suspended as of the date of this report.

The global pandemic has led to significant volatility in the financial markets, which adversely affects global business and economic activity. The global spread of COVID-19 and various containment measures are having material adverse effects on the global economy and, in particular, the global tourism market. As the duration of the COVID-19 outbreak is still uncertain, the extent of its impact on the Group’s operations and financial performance cannot be determined as at the date of this report. The Group will pay close attention to the development of the COVID-19 outbreak, perform further assessment of its impact and make announcement(s) as and when necessary.

# Management Discussion and Analysis

The board of directors (the “**Board**”) of S.A.I. Leisure Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2020 (the “**Reporting Period**”). The relevant financial figures for the corresponding period in 2019 or other dates/periods are also set out in this report for comparative purposes.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS REVIEW

The global tourism industry faces significant challenge in 2020 due to the impact of the outbreak of COVID-19. A series of precautionary and control measures (including but not limited to travel bans) have been implemented by the government authorities around the world due to the COVID-19 pandemic. Since early February 2020, such measures have caused the suspension or reduction of flights to/from Saipan and Guam, including flights from the Group’s key tourist origin markets. Coupled with the dampened global travel sentiment, there has been a sharp decline in the number of tourists travelling to Saipan and Guam.

Towards the end of March 2020, the governments of the CNMI and Guam have both implemented various measures to curb the spread of COVID-19 (including limitation of opening hours for businesses), which have further material impact on the Group’s business operations. In late March 2020, the Group’s management has made several decisions in respect of business operations in order to mitigate the negative financial and operational impacts of COVID-19, including but not limited to the temporary closure of some of the Group’s hotels and luxury travel retail boutiques in order to reduce operational costs.

During the Reporting Period, the Group’s recorded revenue amounted to US\$28.9 million, representing a decrease of 41.7% compared with the corresponding period in 2019 of US\$49.6 million. The significant decrease was mainly due to the material impact of COVID-19 as described above, 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 Reporting Period, the operating profit of the Group decreased by US\$5.7 million to US\$0.2 million when compared with the corresponding period in 2019, which 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.

# Management Discussion and Analysis

## II. SEGMENTAL REVIEW

The Hotels & Resorts Segment, Luxury Travel Retail Segment and Destination Services Segment respectively accounted for approximately 78.2%, 20.4% and 1.4% of the Group's total revenue for the Reporting Period.

### ***Hotels & Resorts Segment***

For the Reporting Period, revenue generated from the Hotels & Resorts Segment was US\$22.6 million, representing a decrease of 31.5% as compared with the revenue of the corresponding period in 2019 of US\$33.0 million. The decrease was mainly due to the fact that the Group's management has decided to temporarily suspend operation of Fiesta Resort Saipan and Century Hotel in late March 2020 until further notice.

On the contrary, Kanoa Resort has been selected by the CNMI Homeland Security and Emergency Management to provide all of its hotel rooms, facilities and meal services to persons subject to the mandatory 14-day quarantine requirement upon their arrival in Saipan. Under the emergency contract, the Group received various fees for the services that have been provided to the government of the CNMI. The initial contract period was 90 days from March 25, 2020, which was extended for another 90 days. The Group is honored to be able to support the local government in the fight against COVID-19.

As mentioned in the Announcement issued by the Company on May 28, 2020, the Group's management and the hotel manager of Fiesta Resort Guam have decided to extend the period of suspension of operation of Fiesta Resort Guam for the purpose of carrying out the next phase of the renovation and upgrade works under the Asset Rejuvenation Plan (as defined in the Announcement mentioned above), including room refurbishment, landscaping upgrade and hospitality enhancement. The suspension of the business operation of Fiesta Resort Guam was extended until the completion of the renovation and upgrade works, which is currently expected to be in mid-2021.

Despite three out of the Group's four hotels and resorts are temporarily suspended during the COVID-19 pandemic, the cost saving measures implemented during the operation suspension period have effectively mitigated the negative financial impact of COVID-19. For the six months ended June 30, 2020, the operating costs of the Hotels & Resorts Segment was reduced by approximately US\$7.0 million as compared to the same period last year. During the Reporting Period, the segmental margin of the Hotels & Resorts Segment was decreased by 4.5% from 21.9% to 17.4%, which fluctuated in the same manner as the revenue.



# Management Discussion and Analysis

## ***Luxury Travel Retail Segment***

During the Reporting Period, revenue from the Luxury Travel Retail Segment was US\$5.9 million, representing a decrease of 59.9% as compared with the corresponding period in 2019 of US\$14.7 million. The substantial decrease was mainly due to the sharp decline in the number of tourists and the various precautionary measures imposed by the local governments (especially the limitation of business hours in Saipan).

In order to mitigate the negative financial and operational impacts of COVID-19 on the luxury travel retail business, the Group's management has decided to temporarily close all boutiques in Saipan, Guam and Hawaii with effect from late March 2020 until further notice. Certain luxury travel retail boutiques located in Guam and Hawaii have resumed their operations in May and August 2020, respectively.

The temporary closure of our luxury travel retail boutiques has effectively reduced the operating costs of the Luxury Travel Retail Segment. In addition, the Group's management re-negotiated rental terms with the landlords in view of the COVID-19 pandemic, and achieved more favorable terms for the Group's luxury travel retail boutiques in Saipan, Guam and Hawaii. For the six months ended June 30, 2020, the operating costs of the Luxury Travel Retail Segment was reduced by approximately US\$3.6 million as compared to the same period last year. Due to the COVID-19 pandemic, the Group's management also exercised care in inventory management in order to reduce the Group's inventory level. It is also noted that, in applying HKAS 36 *Impairment of Assets*, the recognition of US\$0.5 million impairment on the property, plant and equipment hit the segmental results during the Reporting Period.

## ***Destination Services Segment***

Due to the sharp decline in the number of tourists in Saipan and with the temporary suspension of operation of the Group's hotels and resorts, the Group's management has also decided to temporarily suspend the destination services business operation in Saipan with effect from late March 2020 until further notice.

During the Reporting Period, the revenue from the Destination Services Segment was US\$0.4 million, representing a decrease of US\$1.5 million as compared with the corresponding period in 2019 of US\$1.9 million. The segment profit fluctuated in the same manner as the revenue during the Reporting Period.

# Management Discussion and Analysis

## III. MATERIAL ACQUISITION

During the Reporting Period, the Group agreed and finalized the terms of the lease agreement (“**Lease Agreement**”) for renewal of the existing lease of the hotel premises of Fiesta Resort Saipan with the Department of Public Lands of the CNMI. As mentioned in the Announcement of the Company issued on April 23, 2020, the Lease Agreement is for a term of 40 years commencing from July 1, 2021 which, subject to approval by the CNMI legislature, may be extended for up to 15 years.

Upon implementation of HKFRS 16 *Leases* effective from 1 January 2019, the entering into the Lease Agreement by the Group as a lessee was required to be recognized as a right-of-use asset acquired by the Group. During the Reporting Period, the Group recognized a right-of-use asset of approximately US\$3.9 million.

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

## IV. SUBSEQUENT EVENTS

Since the end of the Reporting Period, the global spread of COVID-19 continues and the various precautionary measures imposed by governments around the world are still in place (including but not limited to travel bans and limited business hours). The business operations of Fiesta Resort Saipan, Fiesta Resort Guam and Century Hotel, some of the Group’s luxury travel retail boutiques in Saipan, Guam and Hawaii, as well as the Group’s destination services in Saipan are still temporarily suspended as of the date of this report.

The global pandemic has led to significant volatility in the financial markets, which adversely affects global business and economic activity. The global spread of COVID-19 and various containment measures are having material adverse effects on the global economy and, in particular, the global tourism market. As the duration of the COVID-19 outbreak is still uncertain, the extent of its impact on the Group’s operations and financial performance cannot be determined as at the date of this report. The Group will pay close attention to the development of the COVID-19 outbreak, perform further assessment of its impact and make announcement(s) as and when necessary.

# Management Discussion and Analysis

## V. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at June 30, 2020	As at December 31, 2019
Current ratio (times) (Note a)	5.3	6.1
Quick ratio (times) (Note b)	4.7	5.5
Gearing ratio (%) (Note c)	—	—
Net debt to equity ratio (%) (Note d)	N/A	N/A

Notes:

- Current ratio was calculated based on the total current assets divided by the total current liabilities as at the end of the respective period.
- 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 the respective period.
- Gearing ratio was calculated based on the total interest-bearing bank borrowings divided by total equity as at the end of the respective year and multiplied by 100%.
- 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 the respective period divided by total equity as at the end of the respective period 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 6.1 as at December 31, 2019 to 5.3 as at June 30, 2020 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, 2020 and December 31, 2019 because the Group has zero interest-bearing bank borrowings as at the end of the respective period.

# Management Discussion and Analysis

## ***Net debt to equity ratio***

Net debt to equity ratio is not applicable to the Group as at June 30, 2020 and December 31, 2019 as there were no borrowings as at the end of the respective period.

## ***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, 2020, 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**

The global tourism industry will continue to face significant challenge in the second half of 2020 due to the impact of the outbreak of COVID-19. However, the Group’s management expects the leisure travel market to gradually resume when the COVID-19 outbreak is effectively controlled in the Group’s key tourist origin markets and thus the routine flight schedules could be resumed. The global travel sentiment is expected to recover and turn around the Group’s business when an effective COVID-19 vaccine becomes available to the public in the Group’s key tourist origin markets.

## ***Hotels & Resorts Segment***

Despite the temporary suspension of three of the Group’s four hotels and resorts due to the COVID-19 outbreak, the Group’s management continues to closely monitor the situation and is prepared to reopen the Group’s hotels and resorts as soon as the virus is under better control in key tourist origin markets and when the local regulations and market conditions allow the Group’s hotels and resorts to reopen (except Fiesta Resort Guam which will reopen as Crowne Plaza Resort Guam after completion of the renovation and upgrade works in around mid-2021). The resumption of the flight schedules in key tourist origin markets to/from Saipan and Guam is also critical to the recovery of the Group’s business operations.

# Management Discussion and Analysis

Kanoa Resort in Saipan continues to support the local government to fight against COVID-19. As mentioned above, the emergency contract has been extended for another 90 days, subject to further adjustments by the CNMI Homeland Security and Emergency Management. It is expected that the revenue from Kanoa Resort during the extended period of the emergency contract will not be lower than that of the same period in the preceding year.

The Group is prepared and hopes to take advantage of a potential rebound of the leisure travel market due to people's general pent-up desire to travel, and the Group also plans to aggressively market its hotels and resorts in target customer markets as soon as there is visibility on market resumption.

As mentioned in the Announcement of the Company issued on May 3, 2020, on May 1, 2020, the Group has entered into the Hotel Management Agreement in respect of Fiesta Resort Saipan with InterContinental Hotels Group (“IHG”), and Fiesta Resort Saipan is expected to be rebranded as Crowne Plaza Resort Saipan in around mid-2022. Leveraging on IHG's extensive hotel management experiences, membership program and loyalty customer base, as well as the brand recognition of the “Crowne Plaza” brand, particularly among mainland Chinese, Japanese and South Korean tourists, collaboration with IHG could elevate Fiesta Resort Saipan from the more competitive mid-market segment to the up-market segment to capture sophisticated tourists from the Group's major target customer markets.

As mentioned above and in the Announcement of the Company issued on May 28, 2020, the renovation project for Fiesta Resort Guam is ongoing, and the current phase of the renovation and upgrade works have commenced in June 2020. The Group is on track to rebrand Fiesta Resort Guam to Crowne Plaza Resort Guam by mid-2021.

## ***Luxury Travel Retail Segment***

Before the outbreak of COVID-19, with the revival of the Japan market and the increasing tourist arrival numbers from South Korea, the Luxury Travel Retail Segment started the year nicely with a better clientele in both Saipan and Guam. However, after the outbreak of COVID-19, the Group's management has decided to temporarily suspend operations of all luxury travel retail boutiques in Saipan, Guam and Hawaii by late March 2020. Management continues to closely monitor the situation and is prepared to reopen the boutiques as soon as the virus is under better control locally and in key tourist origin markets, and when the local regulations and market conditions allow the Group's boutiques to re-open. Certain luxury travel retail boutiques located in Guam and Hawaii have resumed their operations in May and August 2020, respectively.

# Management Discussion and Analysis

Despite the uncertainties of the COVID-19 situation, the Group's management is well prepared and expects to bolster the Group's revenue source as soon as the market resumes when the virus is under better control and the local regulations and measures are lifted. In order to expand the Group's footprint in Hawaii, management is seeking to identify strong retail spaces with good adjacencies and reasonable rental conditions for new retail stores. For Guam, management believes that the Group can improve profitability with an expansion into stronger retail spaces and thus lifting operating margins. As for Saipan, management believes that enhancing customers' overall shopping experience is the key to maximizing sales level.

Management will continue to implement cost saving measures during the temporary suspension period so as to mitigate the negative financial impact resulting from COVID-19.

## ***Other plans and prospects***

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

## **VIII. CHARGE ON ASSETS**

As at June 30, 2020 and December 31, 2019, the Group had aggregate banking facilities of US\$11.0 million and US\$11.0 million respectively, which were secured by certain buildings and investment properties owned by the Group. Unutilized facilities at the end of each reporting period amounted to US\$11.0 million and US\$11.0 million respectively.

## **IX. CONTINGENT LIABILITIES**

As at June 30, 2020, the Group did not have any material contingent liabilities.

# Management Discussion and Analysis

## **X. EMPLOYEES AND EMOLUMENT POLICY**

As at June 30, 2020, the Group had a total of 737 (June 30, 2019: 761) full-time employees, including 514 employed in Saipan, 200 employed in Guam, 19 employed in Hawaii and 4 employed in Hong Kong. As a responsible employer, the Group values employees as its most important asset and strives to provide an excellent working environment to employees. We 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\$9.3 million (for the six months ended June 30, 2019: US\$11.8 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, 2020.

## Other Information

### I. INTERIM DIVIDEND

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

### II. 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.

### III. DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES

As at June 30, 2020, the interests of the Directors and chief executives of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of Interests in the Company*
Dr. TAN Siu Lin	Interests in a controlled corporation ( <i>Note a</i> )	270,000,000	75%
Dr. TAN Henry	Interests in a controlled corporation ( <i>Note b</i> )	270,000,000	75%

\* The percentage represents the number of shares involved divided by the number of the Company's issued shares as at the date of this report.



## Other Information

*Notes:*

- (a) Dr. TAN Siu Lin is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of our entire issued share capital) held by THC Leisure Holdings Limited because (i) he acts in concert with Dr. TAN Henry in respect of the affairs of our Group, (ii) he and Dr. TAN Henry together control the majority of the board of directors of Supreme Success Limited, which is the registered owner of the entire interests in Leap Forward Limited as the trustee of a discretionary family trust, (iii) he and Dr. TAN Henry together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward Limited, and are thus entitled to exercise the voting rights in Leap Forward Limited, (iv) he is the founder of the said discretionary family trust, (v) Leap Forward Limited is the registered owner of a 39% interest in Tan Holdings Corporation, and (vi) Tan Holdings Corporation is the registered owner of the entire interests in THC Leisure Holdings Limited. As such, THC Leisure Holdings Limited is a controlled corporation of Dr. TAN Siu Lin.
- (b) Dr. TAN Henry is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of our entire issued share capital) held by THC Leisure Holdings Limited because (i) he acts in concert with Dr. TAN Siu Lin in respect of the affairs of our Group, (ii) he and Dr. TAN Siu Lin together control the majority of the board of directors of Supreme Success Limited, which is the registered owner of the entire interests in Leap Forward Limited as the trustee of a discretionary family trust, (iii) he and Dr. TAN Siu Lin together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward Limited, and are thus entitled to exercise the voting rights in Leap Forward Limited, (iv) Leap Forward Limited is the registered owner of a 39% interest in Tan Holdings Corporation, and (v) Tan Holdings Corporation is the registered owner of the entire interests in THC Leisure Holdings Limited. As such, THC Leisure Holdings Limited is a controlled corporation of Dr. TAN Henry. He is also a registered owner of a 20% interest in Tan Holdings Corporation.

Save as disclosed above, as at the date of this report, none of the Directors or Chief Executives of the Company had any interests and short positions in the shares and underlying shares of the Company or any associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### IV. SUBSTANTIAL SHAREHOLDERS

As at June 30, 2020, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than the interests in “Directors’ and Chief Executives’ Interests in Shares”, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of Interests in the Company*
THC Leisure Holdings Limited ( <i>Note a</i> )	Beneficial interest	270,000,000	75%
Tan Holdings Corporation ( <i>Note b</i> )	Interests in a controlled corporation	270,000,000	75%
Leap Forward Limited ( <i>Note c</i> )	Interests in a controlled corporation	270,000,000	75%
Supreme Success Limited ( <i>Note d</i> )	Interests in a controlled corporation	270,000,000	75%

\* The percentage represents the number of shares involved divided by the number of the Company’s issued shares as at the date of this report.

*Notes:*

- THC Leisure Holdings Limited is the registered owner of 270,000,000 Shares (representing 75% of our entire issued share capital).
- Tan Holdings Corporation is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of our entire issued share capital) held by THC Leisure Holdings Limited because it is the registered owner of the entire interests in THC Leisure Holdings Limited. As such, THC Leisure Holdings Limited is a controlled corporation of Tan Holdings Corporation.
- Leap Forward Limited is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of our entire issued share capital) held by THC Leisure Holdings Limited because it is the registered owner of 39% interests in Tan Holdings Corporation, which in turn is the registered owner of the entire interests in THC Leisure Holdings Limited. As such, THC Leisure Holdings Limited is a controlled corporation of Leap Forward Limited.
- Supreme Success Limited is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of our entire issued share capital) held by THC Leisure Holdings Limited because (i) it is the registered owner of the entire interests in Leap Forward Limited as the trustee of a discretionary family trust, (ii) Leap Forward Limited is the registered owner of a 39% interest in Tan Holdings Corporation, and (iii) Tan Holdings Corporation is the registered owner of the entire interests in THC Leisure Holdings Limited. As such, THC Leisure Holdings Limited is a controlled corporation of Supreme Success Limited.

## Other Information

Save as disclosed above, as at the date of this report, there was no other person (not being a Director or Chief Executive of the Company) who had interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

### V. 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 published on April 17, 2020. During the Reporting Period, US\$3.7 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, 2020:

	<b>Net proceeds from Listing US\$'000</b>	<b>Utilization as at June 30, 2020 US\$'000</b>	<b>Unutilized amount US\$'000</b>
Asset rejuvenation plan	29,555	3,007	26,548
New travel retail boutiques	2,000	1,413	587
IT upgrades	2,000	569	1,431
Digital sales and marketing	2,000	203	1,797
General working capital	3,945	475	3,470
Total <sup>(b)</sup>	39,400(b)	5,667	33,733

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.

## VI. 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.

## VII. 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.

## VIII. 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.

## Other Information

### IX. CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

During the Reporting Period, Dr. TAN Henry, Vice Chairman, Executive Director and Chief Executive Officer of the Group has been appointed as an Independent Non-Executive Director of SinoMedia Holding Limited (Stock Code: 623) with effect from June 9, 2020 for a term of three years. He has also been appointed as a member of its Nomination Committee.

During the Reporting Period, Mr. MA Andrew Chiu Cheung, Independent Non-Executive Director, has retired as an Independent Non-Executive Director of C.P. Pokphand Co. Ltd. (Stock Code: 43) and a member of its Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee with effect from June 5, 2020.

### X. 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](http://www.saileisuregroup.com)) and the Stock Exchange ([www.hkex.com.hk](http://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, 2020