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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)

INSIDE INFORMATION

BUSINESS UPDATE — PERMANENT CLOSURE OF KANOA RESORT

This announcement is made by S.A.I. Leisure Group Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to (1) Rules 13.09 and 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), and (2) the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Permanent Closure of Kanoa Resort

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the management of the Group has made a decision regarding the future of Kanoa Resort, the Group’s hotel located in Susupe, Saipan (“**Kanoa Resort**”), which has not been in operation since July 2022.

After careful consideration as regards the pace of recovery of the leisure tourism market of Saipan and the substantial amount of capital expenditure required for the renovation and rebranding of Kanoa Resort, the management of the Group and the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole for the Group not to renew the land lease of Kanoa Resort upon its expiry on June 15, 2025 (the “**Expiry Date**”) and, accordingly, Kanoa Resort will be permanently closed with effect from the Expiry Date.

The land lease renewal negotiations between the Department of Public Lands (“**DPL**”) of the Commonwealth of the Northern Mariana Islands (“**CNMI**”) and Asia Pacific Hotels, Inc. (“**APHI Saipan**”), a wholly-owned subsidiary of the Company and the lessee of the existing land lease of Kanoa Resort, have officially closed. In view thereof, APHI Saipan was informed by the DPL that it will proceed to solicit new lease proposals from the public.

Reasons for and Benefits of the Permanent Closure

Kanoa Resort has remained closed since July 2022. During this period, the Group has been in the process of planning the renovation and rebranding works in order for it to be reopened as “voco Resort Saipan” once the tourism market fully recovers.

Unfortunately, the pace of recovery of the leisure tourism market in Saipan has been rather slow due to delays in the resumption of flights between Saipan and its major tourist origin markets. For the year 2024, Saipan recorded approximately 229,000 visitor arrivals, representing only 47.0% of the number of visitor arrivals during 2019 (pre-pandemic). While the occupancy rates of the Group’s hotels in Saipan have been steadily increasing since the end of the pandemic, the occupancy rate of the Group’s Crowne Plaza Resort Saipan, as the newest hotel in town, only reached 47.1% in 2024. With a lower than expected occupancy rate, the reopening of Kanoa Resort in the foreseeable future appears unfavorable to the Group, especially when it will be competing with the Group’s other hotels in Saipan.

As disclosed in the Company’s previous annual reports, the estimated total capital expenditure for the renovation and rebranding of Kanoa Resort before reopening would be approximately US\$14.0 million, with approximately US\$3.3 million having been incurred during the early planning stage back in 2022. Due to the level of capital commitment required for carrying out the renovation and rebranding works, coupled with the slow recovery of the Saipan tourism market, the management of the Group has been taking a cautious approach.

During the period of closure since July 2022, while no revenue has been generated by Kanoa Resort, the Group continued to incur various costs and expenses, including but not limited to costs for the maintenance of the hotel premises, staff costs, as well as lease payments under the existing land lease. For the year ended December 31, 2024, the Group incurred maintenance costs, staff costs and lease liabilities of approximately US\$1.4 million in aggregate for Kanoa Resort. With the permanent closure of Kanoa Resort, the Group will no longer have to incur such costs and expenses as from the Expiry Date. In addition, the Group will no longer be required to incur further capital expenditure for the renovation and rebranding works, which is estimated to be not less than US\$10.7 million.

After carefully considering the pace of recovery of the tourism market of Saipan and the positive financial impact of the closure of Kanoa Resort as described above, the management of the Group and the Directors concluded that it is in the interest of the Company and the Shareholders as a whole not to seek renewal of the land lease and permanently close Kanoa Resort. Going forward, the Group will be able to focus on deploying its resources to optimize the performance of the two Crowne Plaza resorts amidst the recovering tourism market in Guam and Saipan.

In order to maintain the Group's long-term growth and for the best interests of the Shareholders, the management of the Group will continue to closely monitor the market conditions, make timely adjustments in its business strategies, and actively explore possible merger and acquisition opportunities.

Shareholders of the Company and investors should exercise cautions when dealing in the securities of the Company.

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, March 27, 2025

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.