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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)

MAJOR TRANSACTIONS

- (1) CONSTRUCTION CONTRACTS IN RELATION TO THE
RENOVATION AND UPGRADE OF THE GUAM HOTEL
AND
(2) CONSTRUCTION CONTRACTS IN RELATION TO
THE RENOVATION AND UPGRADE OF FIESTA RESORT SAIPAN**

This circular is despatched to the shareholders of the Company for information purposes only, and written shareholders' approvals have been obtained in lieu of holding a general meeting.

Hong Kong, June 21, 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	8
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	35
APPENDIX II — GENERAL INFORMATION	38

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following respective meanings:

2019 Annual Report	the annual report of the Company dated March 26, 2020 for the financial year ended December 31, 2019
2020 Annual Report	the annual report of the Company dated March 30, 2021 for the financial year ended December 31, 2020
APHI Guam	Asia Pacific Hotels, Inc. (Guam), a corporation incorporated on April 29, 2002 in Guam with limited liability, which is an indirectly wholly-owned subsidiary of the Company
APHI Saipan	Asia Pacific Hotels, Inc., a corporation incorporated on November 19, 1997 in the CNMI with limited liability, which is an indirectly wholly-owned subsidiary of the Company
Asset Rejuvenation Plan	the renovation, refurbishment and fit-out works contemplated for the Group's hotels and resorts as detailed in the Prospectus and supplemented by the 2019 Annual Report and the 2020 Annual Report
Beach Road Tourism	Beach Road Tourism Development, Inc., a wholly-owned subsidiary of Tan Holdings (a controlling shareholder) and a connected person of the Group
Board	the board of directors of the Company
Century Insurance	Century Insurance Company Limited, a wholly-owned subsidiary of Tan Holdings (a controlling shareholder) and a connected person of the Group
CNMI	the Commonwealth of the Northern Mariana Islands, a U.S. territory located in the Western Pacific Region
CNMI Department of Public Lands	the Department of Public Lands established under Public Law 15-2 of the CNMI, which has the authority and responsibility over the management, use and disposition of public lands in the CNMI

DEFINITIONS

CNMI Legislature	the Northern Marianas Commonwealth Legislature, the territorial legislature of the CNMI
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)
Construction Manager	Ironstar Construction, Inc., a company incorporated in Texas, U.S., an independent third party
Contractor	GPPC, Inc., a corporation incorporated in the CNMI, the ultimate beneficial owner of which is Mr. Hang Chieng Tan, an independent third party
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Company
Fiesta Resort Saipan	the Group’s full-service, family-style resort located in Garapan, Saipan, which is currently operating as “Fiesta Resort & Spa Saipan”
Group	the Company and its subsidiaries
Guam	Guam, a U.S. territory located in the Western Pacific Region
Guam Announcement	the announcement issued by the Company dated February 19, 2021 in relation to the Guam Construction Contracts
Guam Architect	an architect or entity retained or to be retained by APhi Guam in accordance with the terms of each Guam Construction Contract, which shall be lawfully licensed to practice architecture in Guam
Guam Construction Contracts	the Guam Public Space Construction Contract and the Guam Exterior Construction Contract collectively

DEFINITIONS

Guam Exterior Construction Contract	the agreement (including all contract documents comprised therein) dated February 19, 2021 and entered into between APHI Guam and the Contractor in respect of the Guam Exterior Works to be carried out at the Guam Hotel, the principal terms of which are set out in the section headed “(1) Construction Contracts in relation to the Renovation and Upgrade of the Guam Hotel — A. Principal Terms — 2. Guam Exterior Construction Contract” of this circular
Guam Exterior Works	the renovation and upgrade works in respect of the exterior of the Guam Hotel to be executed by the Contractor pursuant to the Guam Exterior Construction Contract as described in the paragraph headed “Scope of Guam Exterior Works” under the section headed “(1) Construction Contracts in relation to the Renovation and Upgrade of the Guam Hotel — A. Principal Terms — 2. Guam Exterior Construction Contract” of this circular
Guam Hotel	the Group’s hotel located in Tumon Bay, Guam which is currently operated as “Fiesta Resort Guam”
Guam Hotel Management Agreement	the hotel management agreement dated September 10, 2019 and entered into between APHI Guam and the Hotel Manager (as manager and licensor) as detailed in the announcement of the Company issued on September 10, 2019
Guam Hotel Management Services	the various management and operational services to be carried out by the Hotel Manager under the Guam Hotel Management Agreement, including without limitation, the day-to-day management and operations of the Guam Hotel in accordance with the “Crowne Plaza” brand standards as prescribed under the Guam Hotel Management Agreement
Guam Hotel Rebranding Works	the works required to refurbish and fit-out the Guam Hotel in accordance with the terms of the Guam Hotel Management Agreement to the brand standards of the “Crowne Plaza” brand

DEFINITIONS

Guam Public Space Construction Contract	the agreement (including all contract documents comprised therein) dated February 19, 2021 and entered into between APHI Guam and the Contractor in respect of the Guam Public Space Works to be carried out at the Guam Hotel, the principal terms of which are set out in the section headed “(1) Construction Contracts in relation to the Renovation and Upgrade of the Guam Hotel — A. Principal Terms — 1. Guam Public Space Construction Contract” of this circular
Guam Public Space Works	the renovation and upgrade works in respect of the public spaces of the Guam Hotel to be executed by the Contractor pursuant to the Guam Public Space Construction Contract as described in the paragraph headed “Scope of Guam Public Space Works” under the section headed “(1) Construction Contracts in relation to the Renovation and Upgrade of the Guam Hotel — A. Principal Terms — 1. Guam Public Space Construction Contract” of this circular
Guam Renovation Works	the Guam Public Space Works and the Guam Exterior Works collectively
Hawaii	the State of Hawaii, U.S.
Hong Kong	the Hong Kong Special Administrative Region of the People’s Republic of China
Hotel Manager	IHC Hotel Limited (a wholly-owned subsidiary of InterContinental Hotels Group), the manager of the Guam Hotel and Fiesta Resort Saipan under the Guam Hotel Management Agreement and the Saipan Hotel Management Agreement respectively
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 full-service, family-style resort located in Saipan, which is currently operating as “Kanoa Resort Saipan”

DEFINITIONS

Latest Practicable Date	June 15, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
Listing	the listing of the shares of the Company on the Main Board Stock Exchange on May 16, 2019
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Previous Guam Announcement	the announcement of the Company published on November 5, 2020 in respect of the Previous Guam Construction Contract
Previous Guam Construction Contract	the agreement (including all contract documents comprised therein) dated November 5, 2020 and entered into between APhi Guam and the Contractor in respect of the renovation and upgrade works for the guestrooms of the Guam Hotel
Project Manager	Wave Hospitality Advisors, Inc., a company incorporated in California, U.S., an independent third party
Prospectus	the prospectus of the Company published on April 30, 2019
Saipan	Saipan, the largest and most populated island in the CNMI
Saipan Architect	an architect or entity retained or to be retained by APhi Saipan in accordance with the terms of each Saipan Construction Contract, which shall be lawfully licensed to practice architecture in Saipan
Saipan Construction Contracts	the Saipan Guestrooms Construction Contract and the Saipan Public Space and Exterior Construction Contract collectively
Saipan Guestrooms Construction Contract	the agreement (including all contract documents comprised therein) dated May 28, 2021 and entered into between APhi Saipan and the Contractor in respect of the Saipan Guestrooms Works to be carried out at Fiesta Resort Saipan, the principal terms of which are set out in the section headed “(2) Construction Contracts in relation to the Renovation and Upgrade of Fiesta Resort Saipan — A. Principal Terms — 1. Saipan Guestrooms Construction Contract” of this circular

DEFINITIONS

Saipan Guestrooms Works	the renovation and upgrade works in respect of the guestrooms of Fiesta Resort Saipan to be executed by the Contractor pursuant to the Saipan Guestrooms Construction Contract as described in the paragraph headed “Scope of Saipan Guestrooms Works” under the section headed “(2) Construction Contracts in relation to the Renovation and Upgrade of Fiesta Resort Saipan — A. Principal Terms — 1. Saipan Guestrooms Construction Contract” of this circular
Saipan Hotel Management Agreement	the hotel management agreement dated May 1, 2020 and entered into between APHI Saipan and the Hotel Manager (as manager and licensor) in respect of Fiesta Resort Saipan as detailed in the announcement of the Company issued on May 3, 2020
Saipan Hotel Management Services	the various management and operational services to be carried out by the Hotel Manager under the Saipan Hotel Management Agreement, including without limitation, the day-to-day management and operations of Fiesta Resort Saipan in accordance with the “Crowne Plaza” brand standards as prescribed under the Saipan Hotel Management Agreement
Saipan Hotel Rebranding Works	the works required to refurbish and fit-out Fiesta Resort Saipan in accordance with the terms of the Saipan Hotel Management Agreement to the brand standards of the “Crowne Plaza” brand
Saipan Public Space and Exterior Construction Contract	the agreement (including all contract documents comprised therein) dated May 28, 2021 and entered into between APHI Saipan and the Contractor in respect of the Saipan Public Space and Exterior Works to be carried out at Fiesta Resort Saipan, the principal terms of which are set out in the section headed “(2) Construction Contracts in relation to the Renovation and Upgrade of Fiesta Resort Saipan — A. Principal Terms — 2. Saipan Public Space and Exterior Construction Contract” of this circular

DEFINITIONS

Saipan Public Space and Exterior Works	the renovation and upgrade works in respect of the public spaces and exterior of Fiesta Resort Saipan to be executed by the Contractor pursuant to the Saipan Public Space and Exterior Construction Contract as described in the paragraph headed “Scope of Saipan Public Space and Exterior Works” under the section headed “(2) Construction Contracts in relation to the Renovation and Upgrade of Fiesta Resort Saipan — A. Principal Terms — 2. Saipan Public Space and Exterior Construction Contract” of this circular
Saipan Renovation Works	the Saipan Guestrooms Works and the Saipan Public Space and Exterior Works collectively
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
Tan Holdings	Tan Holdings Corporation, a company incorporated on October 29, 1991 in 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 on October 18, 2018 in the British Virgin Islands with limited liability, which holds 270,000,000 Shares (representing 75% of the entire issued share capital of the Company) and is a 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. TAN Henry, *BBS, JP*

(Vice Chairman and Chief Executive Officer)

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:

Professor CHAN Pak Woon David

Mr. MA Andrew Chiu Cheung

Mr. CHAN Leung Choi Albert

Registered Office:

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P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

*Head office and principal place
of business in Hong Kong:*

5/F, Nanyang Plaza

57 Hung To Road

Kwun Tong, Kowloon

Hong Kong

June 21, 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS

**(1) CONSTRUCTION CONTRACTS IN RELATION TO THE
RENOVATION AND UPGRADE OF THE GUAM HOTEL
AND**

**(2) CONSTRUCTION CONTRACTS IN RELATION TO
THE RENOVATION AND UPGRADE OF FIESTA RESORT SAIPAN**

INTRODUCTION

Reference is made to (1) the Guam Announcement issued by the Company dated February 19, 2021 and (2) the Saipan Announcement issued by the Company dated May 28, 2021.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information of the two major transactions relating to the Guam Construction Contracts and the Saipan Construction Contracts and other information as required under the Listing Rules.

(1) CONSTRUCTION CONTRACTS IN RELATION TO THE RENOVATION AND UPGRADE OF THE GUAM HOTEL

APHI Guam has entered into the Previous Guam Construction Contract with the Contractor on November 5, 2020 in respect of renovation and upgrade works currently being carried out to the guestrooms of the Guam Hotel as mentioned in the Previous Guam Announcement.

On February 19, 2021, APHI Guam (an indirectly wholly-owned subsidiary of the Company) as owner entered into the Guam Construction Contracts with the Contractor (an independent third party) as prime contractor in respect of the Guam Renovation Works for the public spaces and exterior of the Guam Hotel (currently known as “Fiesta Resort Guam”).

Similar to the guestrooms renovation works under the Previous Guam Construction Contract, the Guam Renovation Works under the Guam Construction Contracts form part of the renovation and upgrade works of the Guam Hotel under the Asset Rejuvenation Plan and the Guam Hotel Rebranding Works under the Guam Hotel Management Agreement in order to prepare the Guam Hotel to be reopened under the new brand name “Crowne Plaza Resort Guam”. The management of the Group currently expects that the Guam Hotel will be rebranded and reopened as “Crowne Plaza Resort Guam” in the 4th quarter of 2021, subject to final confirmation by the Hotel Manager.

A. Principal terms

Summarized below are the principal terms of the Guam Construction Contracts each dated February 19, 2021 and entered into between APHI Guam (as owner) and the Contractor (as prime contractor):

1. Guam Public Space Construction Contract

Scope of Guam Public Space Works	:	Construction works to be carried out to the public spaces of the Guam Hotel as detailed in the Guam Public Space Construction Contract, including but not limited to the complete renovation of the main entrance, reception, lobby lounge, bars, restaurant, public bathrooms and retail areas, conversion of the existing ballroom to a club lounge and studio area, and replacement of the electrical, plumbing, ventilation and air-conditioning systems etc. APHI Guam may order changes to the works within the general scope of the contract.
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LETTER FROM THE BOARD

Substantial Completion Date : When the Guam Public Space Works or a designated portion thereof are/is substantially complete, the Guam Architect will prepare a certificate of substantial completion which shall establish the date of substantial completion. Subject to any adjustment to the scope of the Guam Public Space Works, the Contractor shall achieve substantial completion of the Guam Public Space Works by June 11, 2021.

As of the Latest Practicable Date, due to various adjustments in the Guam Public Space Works, it is currently expected that the Contractor shall achieve substantial completion of the Guam Public Space Works in the 4th quarter of 2021.

Contract sum : The total contract sum payable by APhi Guam to the Contractor shall be approximately US\$7,260,000, which comprises:-

(1) construction costs in the sum of approximately US\$6,129,000 (including labor costs, costs of materials and equipment, allowances and other costs), subject to any adjustment to the scope of the Guam Public Space Works; and

(2) contractor's fees in the sum of approximately US\$1,131,000 (including insurance, taxes and other fees), which is calculated with reference to the total construction costs and may accordingly be subject to adjustment. A breakdown of the contractor's fees is as follows:

- Fee for the base scope of work: 5% of the relevant costs, being approximately US\$200,000;
- Fee for works relating to the ventilation and air-conditioning system: 8% of the relevant costs, being approximately US\$181,000;

LETTER FROM THE BOARD

- Fee for general conditions (lump-sum): 8% of cost of work, being approximately US\$291,000;
- Guam improvement tax: approximately US\$362,000;
- Insurance and other fees: approximately US\$97,000.

Control Estimate : The agreed control estimate is approximately US\$218,000, which is equivalent to 6% of the costs for the base scope of work under the contract. The control estimate, which includes construction costs and contractor's fees, shall be used to monitor actual costs and timely performance of the works by the Contractor. The amount is subject to review and adjustments in accordance with the terms of the contract. Acceptance of the control estimate by A PHI Guam does not imply that there is a guaranteed maximum price.

As mentioned above, A PHI Guam may order changes in the Guam Public Space Works within the general scope of the contract. Should any such changes result in a significant change in the construction costs in comparison with the control estimate, the Contractor shall promptly notify A PHI Guam and the Guam Architect in writing and the Contractor shall not proceed with the relevant works pending further written instructions from A PHI Guam and the Guam Architect.

As of the Latest Practicable Date, there has not been any adjustment to the construction costs and contractor's fees under the Guam Public Space Construction Contract.

LETTER FROM THE BOARD

2. *Guam Exterior Construction Contract*

Scope of Guam Exterior Works : Construction works to be carried out to the exterior areas of the Guam Hotel as detailed in the Guam Exterior Construction Contract, including but not limited to the complete renovation of the adult pool, kids pool and outdoor theatre, restoration of the lawn areas, replacement of pool equipment and the electrical, plumbing and storm water management systems, and the construction of a new tower slide feature etc. APHI Guam may order changes to the works within the general scope of the contract.

Substantial Completion Date : When the Guam Exterior Works or a designated portion thereof are/is substantially complete, the Architect will prepare a certificate of substantial completion which shall establish the date of substantial completion. Subject to any adjustment to the scope of the Exterior Works, the Contractor shall achieve substantial completion of the Exterior Works (except the construction of the new tower slide feature) by June 25, 2021 or within 19 weeks from the date of issuance of the requisite government permit and commencement of work. For the construction of the new tower slide feature, the Contractor shall achieve substantial completion by July 23, 2021.

As of the Latest Practicable Date, due to various adjustments in the Guam Exterior Works and delay in the approval process for the requisite government permit due to the COVID-19 pandemic, it is currently expected that the Contractor shall achieve substantial completion of the Guam Exterior Works (including the construction of the new tower slide feature) in the 4th quarter of 2021.

LETTER FROM THE BOARD

Contract sum : The total contract sum payable by APHI Guam to the Contractor shall be approximately US\$4,994,000, which comprises:-

(1) construction costs in the sum of approximately US\$4,131,000 (including labor costs, costs of materials and equipment, allowances and other costs), subject to any adjustment to the scope of the Guam Exterior Works; and

(2) contractor's fees in the sum of approximately US\$863,000 (including insurance, taxes and other fees), which is calculated with reference to the total construction costs and may accordingly be subject to adjustment. A breakdown of the contractor's fees is as follows:

- Fee for the base scope of work: 5% of the relevant costs, being approximately US\$207,000;
- Fee for general conditions (lump-sum): 8% of cost of work, being approximately US\$330,000;
- Guam improvement tax: approximately US\$249,000;
- Insurance and other fees: approximately US\$77,000.

LETTER FROM THE BOARD

Control Estimate : The agreed control estimate is approximately US\$207,000, which is equivalent to 6% of the costs for the base scope of work under the contract. The control estimate, which includes construction costs and contractor's fees, shall be used to monitor actual costs and timely performance of the works by the Contractor. The amount is subject to review and adjustments in accordance with the terms of the contract. Acceptance of the control estimate by APHI Guam does not imply that there is a guaranteed maximum price.

As mentioned above, APHI Guam may order changes in the Guam Exterior Works within the general scope of the contract. Should any such changes result in a significant change in the construction costs in comparison with the control estimate, the Contractor shall promptly notify APHI Guam and the Guam Architect in writing and the Contractor shall not proceed with the relevant works pending further written instructions from APHI Guam and the Guam Architect.

As of the Latest Practicable Date, there has not been any adjustment to the construction costs and contractor's fees under the Guam Exterior Construction Contract.

B. Payment Terms

Under the terms of each Guam Construction Contract, the contract sum will be paid by progress payments based on applications for payment submitted by the Contractor together with certificates for payment issued by the Guam Architect and other supporting documents. The period covered by each application for payment shall be one calendar month ending on the last day of the month. For each progress payment, APHI Guam has the right to retain 10% from the amount otherwise due as retainage. Once the Guam Renovation Works under the relevant Guam Construction Contract are 50% complete, the retainage right shall be reduced to 5%.

The final payment will be payable after full performance of the relevant Guam Construction Contract by the Contractor. The Guam Contractor is required to submit final accounts for the construction costs to APHI Guam. APHI Guam has the right to conduct an audit on the construction costs and a final certificate for payment will be issued by the Guam Architect after receipt of the audit report in accordance with the terms of the relevant Guam Construction Contract.

LETTER FROM THE BOARD

C. Information of the Guam Hotel and APhi Guam

The Guam Hotel is currently known as “Fiesta Resort Guam”, which is a 17,567 sq. m. facility located at the Tumon Bay tourism center in Guam. As at the Latest Practicable Date, the Guam Hotel comprises 318 rooms. The Guam Hotel is operated on leasehold interests held by APhi Guam, and the expiry date of the current land lease for the Guam Hotel is September 30, 2053. Since October 15, 2019, the Guam Hotel has been managed and operated by the Hotel Manager (a wholly-owned subsidiary of InterContinental Hotels Group) pursuant to the Guam Hotel Management Agreement.

APhi Guam is an operating subsidiary of the Group which currently owns the Guam Hotel. It is an indirectly wholly-owned subsidiary of the Company. Under the Guam Hotel Management Agreement, APhi Guam retains its rights over certain key managerial, financial and strategic decisions as the hotel owner.

D. Information of the Guam Hotel Management Agreement

As disclosed in the announcement of the Company issued on September 10, 2019, the Guam Hotel Management Agreement was made between APhi Guam (as owner) and the Hotel Manager (as manager and licensor) for an initial term of 25 years with 2 options to renew for an 5 additional years each, subject to early termination in accordance with its terms.

During the term of the Guam Hotel Management Agreement, the Hotel Manager would (1) provide the Guam Hotel Management Services and manage and operate the Guam Hotel from the commencement date (which took place on October 15, 2019); (2) provide the Guam Hotel with access to the worldwide reservation system and loyalty programs administered and operated by the Hotel Manager (or its affiliates); and (3) implement the pre-opening and rebranding program on behalf of APhi Guam to operationally prepare the Guam Hotel to be rebranded and operated as “Crowne Plaza Resort Guam” from the rebranding date. According to the terms of the Guam Hotel Management Agreement, the rebranding date was expected to be before October 1, 2021. Based on the current progress of the Guam Hotel Rebranding Works, the management believes that the Group is on track to rebrand the Guam Hotel in the 4th quarter of 2021, subject to final confirmation by the Hotel Manager.

In consideration for the services to be provided by the Hotel Manager and the license to use the “Crowne Plaza” brand, the Hotel Manager will receive various fees and contributions under the Guam Hotel Management Agreement, including but not limited to a license fee and an incentive management fee respectively calculated with reference to the revenue and profits of the Guam Hotel. The Guam Hotel Management Agreement may be terminated under various circumstances, for example, if the financial performance of the Guam Hotel did not meet the prescribed threshold.

LETTER FROM THE BOARD

E. Value of Consideration

The aggregate value of the consideration payable under the Guam Construction Contracts is approximately US\$12,254,000, which will be funded partly by the net proceeds from Listing, partly by the Group's internal resources and partly by external financing.

The consideration under each of the Guam Construction Contracts was determined after arm's length negotiations between APhi Guam and the Contractor and on normal commercial terms with reference to the standard required for the Guam Renovation Works, the experience and market position of the Contractor and the expected quality of the Guam Renovation Works.

No tendering process was carried out for the renovation projects under the Guam Construction Contracts due to the limited number of suitable contractors in Guam. As the local population in Guam is scarce (approximately 170,000) and the island is reliant on foreign labor force, choice of contractors with the requisite capacity and competence to carry out large scale renovation projects for a luxury resort on a tight schedule was very limited. The management of the Group saw that most other contractors in the market are smaller in scale and are not sufficiently experienced to handle the size of the projects and meet the standards of the "Crowne Plaza" brand required for the Guam Renovation Works. After consultation with the Project Manager and the Construction Manager, the management of the Group decided that it would be impractical to carry out a tendering process.

Instead, face-to-face meetings were held between the representatives of potential contractors and the management of the Group to discuss the requirements of each project. Cost estimates would be given by the potential contractors verbally during such meetings based on conceptual drawings of the Guam Renovation Works. The Contractor was selected by the management of the Group after due and careful consideration of various factors, including the cost estimates provided by the potential contractors.

The Project Manager and the Construction Manager assisted the management of the Group in assessing the reasonableness of the fees charged by the Contractor under the Guam Construction Contracts. Reference was made to the going rate for construction material and labor costs as seen in industry standard reports, such as the Hotel Cost Estimating Guide published by Nehmer and HVS Design (leading architecture, interior design and project management firms specializing in the hospitality industry) and the Construction Market Analysis Report published by Cumming Construction Management, Inc. (leading project management and cost consulting firm). As no historical hotel renovation work for Guam was available for reference when comparing costs, other project budgets and actual costs from recent years, including projects based in Hawaii or similar

LETTER FROM THE BOARD

locations in the U.S., were considered. Taking into account the professional advice provided by the Project Manager and the Construction Manager, the management of the Group considers that the fees charged by the Contractor under the Guam Construction Contracts are fair and reasonable.

F. Reasons and Benefits for Entering into the Guam Construction Contracts

One of the principal businesses of the Group is the operation of hotels and resorts in Saipan and Guam. For the financial year ended December 31, 2020, the Guam Hotel contributed to 17.4% of the Group's total revenue.

As disclosed in the Prospectus, asset quality (including but not limited to room age, contemporary decoration and maintenance standard) is the primary factor when leisure travellers select their holiday accommodation. The Guam Hotel's relatively dated asset quality has impaired its ability to command higher room rates.

Taking into account the market landscape of the Guam Hotel, the Directors (including the independent non-executive Directors) are of the view that the Guam Renovation Works under the Guam Construction Contracts will position the Guam Hotel at a high-end market position capable of commanding a higher revenue and reaching out to a wider and more premium customer base. This is in line with the Group's elaborate business strategies to increase average room rates and achieve stronger yield in its Hotels & Resorts Segment as disclosed in the Prospectus.

The Directors (including independent non-executive Directors), having reviewed and approved the Guam Construction Contracts based on their industry experience and upon considering professional advice provided by the Project Manager and the Construction Manager, are of the view that the terms of the Guam Construction Contracts are on normal commercial terms and are fair and reasonable and entering into of the Guam Construction Contracts is in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Guam Construction Contracts or was required to abstain from voting on the Board resolutions approving the Guam Construction Contracts.

G. Implications under the Listing Rules

As the Guam Construction Contracts and the Previous Guam Construction Contract (details of which were set out in the Previous Guam Announcement) were entered into with the same contractor within a 12-month period and they involve the same asset, the Stock Exchange requires

LETTER FROM THE BOARD

the Company to aggregate the Guam Construction Contracts and the Previous Guam Construction Contract and treat them as if they were one transaction under Rule 14.22 and Rule 14.23 of the Listing Rules.

The Guam Construction Contracts and the Previous Guam Construction Contract (on an aggregated basis) constitute a major transaction of the Company as one or more of the applicable percentage ratios is 25% or more but less than 100%, and is therefore subject to the reporting, announcement and shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the transactions under the Guam Construction Contracts.

Since no Shareholder is required to abstain from voting if a general meeting was convened to approve the Guam Construction Contracts, a written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Chapter 14 of the Listing Rules. THC Leisure, being the controlling shareholder of the Company holding 270,000,000 Shares (representing 75% of the total issued share capital of the Company) has given a written approval to the Guam Construction Contracts. Accordingly, the written approval from THC Leisure will be accepted in lieu of holding a general meeting of the Company for the approval of the Guam Construction Contracts.

H. Financial Effects of entering into the Guam Construction Contracts

The consideration payable under the Guam Construction Contracts will be settled in cash by way of utilizing the net proceeds from Listing, the Group's internal resources and external financing. Following the completion of the Guam Renovation Works and without taking into account of any appreciation of the Group's property, plant and equipment, the total of the property, plant and equipment of the Group is expected to increase by approximately the same amount as the aggregate consideration of the Guam Construction Contracts. As a result, the net asset value of the Group is expected to remain unchanged as the increase in the total property, plant and equipment will be offset by the decrease in bank balances and cash. Other than the revaluation impact of the Guam Hotel, the Group does not expect the Guam Construction Contracts to have any immediate material impact upon the earnings of the Group.

LETTER FROM THE BOARD

(2) CONSTRUCTION CONTRACTS IN RELATION TO THE RENOVATION AND UPGRADE OF FIESTA RESORT SAIPAN

On May 28, 2021 (after trading hours), APHI Saipan (an indirectly wholly-owned subsidiary of the Company) as owner entered into the Saipan Construction Contracts with the Contractor (an independent third party) as prime contractor in respect of the Saipan Renovation Works for the guestrooms, public spaces and exterior of Fiesta Resort Saipan.

The Saipan Renovation Works under the Saipan Construction Contracts form part of the renovation and upgrade works of Fiesta Resort Saipan under the Asset Rejuvenation Plan and the Saipan Hotel Rebranding Works under the Saipan Hotel Management Agreement in order to prepare Fiesta Resort Saipan to be reopened under the new brand name “Crowne Plaza Resort Saipan”. The management of the Group currently expects that Fiesta Resort Saipan will be rebranded and reopened as “Crowne Plaza Resort Saipan” in the 4th quarter of 2021, subject to final confirmation by the Hotel Manager.

A. Principal terms

Summarized below are the principal terms of the two Saipan Construction Contracts each dated May 28, 2021 and entered into between APHI Saipan (as owner) and the Contractor (as prime contractor):-

1. *Saipan Guestrooms Construction Contract*

Scope of Saipan Guestrooms Works : Guestrooms construction works for Fiesta Resort Saipan as detailed in the Saipan Guestrooms Construction Contract, including but not limited to major improvements to the electrical and plumbing infrastructure, as well as the complete removal and replacement of the ventilation and air-conditioning systems, flooring, fixtures, fittings, electrical appliances and accessories etc. Upon completion of the works, the accommodation capacity of Fiesta Resort Saipan will be increased to 422 rooms and suites. APHI Saipan may order changes to the works within the general scope of the contract.

LETTER FROM THE BOARD

Substantial Completion Date : When the Saipan Guestrooms Works or a designated portion thereof are/is substantially complete, the Saipan Architect will prepare a certificate of substantial completion which shall establish the date of substantial completion. Subject to any adjustment to the scope of the Saipan Guestrooms Works, the Contractor shall achieve substantial completion of all portions of the Saipan Guestrooms Works by July 30, 2021.

As of the Latest Practicable Date, there is no change in the expected date of substantial completion.

Contract sum : The total contract sum payable by APhi Saipan to the Contractor shall be approximately US\$7,777,000, which comprises:-

(1) construction costs in the sum of approximately US\$6,267,000 (including labor costs, sub-contract costs, costs of materials and equipment, allowances and other costs), subject to any adjustment to the scope of the Saipan Guestrooms Works; and

(2) contractor's fees in the sum of approximately US\$1,510,000 (including insurance, taxes and other fees), which is calculated with reference to the total construction costs and may accordingly be subject to adjustment. A breakdown of the contractor's fees is as follows:

— Contractor fees: 8% of the cost of work, being approximately US\$501,000;

— Fee for general conditions (lump-sum): 8% of cost of work, being approximately US\$501,000;

— Saipan improvement tax: approximately US\$389,000;

— Insurance and other fees: approximately US\$119,000.

LETTER FROM THE BOARD

Control Estimate : The agreed control estimate is approximately US\$313,000, which is equivalent to 5% of the initial costs of the works under the contract. The control estimate, which includes construction costs and contractor's fees, shall be used to monitor actual costs and timely performance of the works by the Contractor. The amount is subject to review and adjustments in accordance with the terms of the contract. Acceptance of the control estimate by APhi Saipan does not imply that there is a guaranteed maximum price.

As mentioned above, APhi Saipan may order changes in the Saipan Guestrooms Works within the general scope of the contract. Should any such changes result in a significant change in the construction costs in comparison with the control estimate, the Contractor shall promptly notify APhi Saipan and the Saipan Architect in writing and the Contractor shall not proceed with the relevant works pending further written instructions from APhi Saipan and the Saipan Architect.

As of the Latest Practicable Date, there has not been any adjustment to the construction costs and contractor's fees under the Saipan Guestrooms Construction Contract.

2. Saipan Public Space and Exterior Construction Contract

Scope of Saipan Public Space and Exterior Works : Construction works to be carried out to the public spaces and exterior areas of Fiesta Resort Saipan as detailed in the Saipan Public Space and Exterior Construction Contract, including but not limited to the complete renovation of the registration area, lobby lounge, restaurants, bar, public restrooms, retail areas, ballroom, fitness room, kids club, adult pool, kids pool, lawn areas, conversion of an existing meeting room to restaurant space, and replacement of the electrical, plumbing, ventilation and air-conditioning systems, flooring, lighting etc. APhi Saipan may order changes to the works within the general scope of the contract.

LETTER FROM THE BOARD

Substantial Completion Date : When the Saipan Public Space and Exterior Works or a designated portion thereof are/is substantially complete, the Saipan Architect will prepare a certificate of substantial completion which shall establish the date of substantial completion. Subject to any adjustment to the scope of the Saipan Public Space and Exterior Works, the Contractor shall achieve substantial completion of the Saipan Public Space and Exterior Works by October 15, 2021.

As of the Latest Practicable Date, there is no change in the expected date of substantial completion.

Contract sum : The total contract sum payable by APhi Saipan to the Contractor shall be approximately US\$6,312,000, which comprises:-

(1) construction costs in the sum of approximately US\$5,086,000 (including labor costs, sub-contract costs, costs of materials and equipment, allowances and other costs), subject to any adjustment to the scope of the Saipan Public Space and Exterior Works; and

(2) contractor's fees in the sum of approximately US\$1,226,000 (including insurance, taxes and other fees), which is calculated with reference to the total construction costs and may accordingly be subject to adjustment. A breakdown of the contractor's fees is as follows:

- Contractor fees: 8% of the cost of work, being approximately US\$407,000;
- Fee for general conditions (lump-sum): 8% of cost of work, being approximately US\$407,000;
- Saipan improvement tax: approximately US\$316,000;
- Insurance and other fees: approximately US\$96,000.

LETTER FROM THE BOARD

Control Estimate : The agreed control estimate is approximately US\$254,000, which is equivalent to 5% of the initial costs of the works under the contract. The control estimate, which includes construction costs and contractor's fees, shall be used to monitor actual costs and timely performance of the works by the Contractor. The amount is subject to review and adjustments in accordance with the terms of the contract. Acceptance of the control estimate by APhi Saipan does not imply that there is a guaranteed maximum price.

As mentioned above, APhi Saipan may order changes in the Saipan Public Space and Exterior Works within the general scope of the contract. Should any such changes result in a significant change in the construction costs in comparison with the control estimate, the Contractor shall promptly notify APhi Saipan and the Saipan Architect in writing and the Contractor shall not proceed with the relevant works pending further written instructions from APhi Saipan and the Saipan Architect.

As of the Latest Practicable Date, there has not been any adjustment to the construction costs and contractor's fees under the Saipan Public Space and Exterior Construction Contract.

B. Payment Terms

Under the terms of each Saipan Construction Contract, the contract sum will be paid by progress payments based on applications for payment submitted by the Contractor together with certificates for payment issued by the Saipan Architect and other supporting documents. The period covered by each application for payment shall be one calendar month ending on the last day of the month. For each progress payment, APhi Saipan has the right to retain 10% from the amount otherwise due as retainage. Once the Saipan Renovation Works under the relevant Saipan Construction Contract are 50% complete, the retainage right shall be reduced to 5%.

The final payment will be payable after full performance of the relevant Saipan Construction Contract by the Contractor. The Contractor is required to submit final accounts for the construction costs to APhi Saipan. APhi Saipan has the right to conduct an audit on the construction costs and a final certificate for payment will be issued by the Saipan Architect after receipt of the audit report in accordance with the terms of the relevant Saipan Construction Contract.

LETTER FROM THE BOARD

C. Information of Fiesta Resort Saipan and APhi Saipan

Fiesta Resort Saipan is a 17,644 sq. m. facility strategically located at the heart of the Garapan tourism center of Saipan. As of the Latest Practicable Date, Fiesta Resort Saipan comprises 418 rooms. Fiesta Resort Saipan is operated on leasehold interests held by APhi Saipan, and the expiry date of the current land lease for Fiesta Resort Saipan is June 30, 2021. As disclosed in the announcement of the Company dated April 23, 2020, APhi Saipan and the CNMI Department of Public Lands have agreed to renew the land lease 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. Since August 1, 2020, Fiesta Resort Saipan has been managed and operated by the Hotel Manager (a wholly-owned subsidiary of InterContinental Hotels Group) pursuant to the Saipan Hotel Management Agreement as disclosed in the announcement of the Company issued on May 3, 2020.

APhi Saipan is an operating subsidiary of the Group which currently owns Fiesta Resort Saipan. It is an indirectly wholly-owned subsidiary of the Company. Under the Saipan Hotel Management Agreement, APhi Saipan retains its rights over certain key managerial, financial and strategic decisions as the hotel owner.

D. Information of the Saipan Hotel Management Agreement

As disclosed in the announcement of the Company issued on May 3, 2020, the Saipan Hotel Management Agreement was made between APhi Saipan (as owner) and the Hotel Manager (as manager and licensor) for an initial term of 25 years with 2 options to renew for an 5 additional years each, subject to early termination in accordance with its terms.

During the term of the Saipan Hotel Management Agreement, the Hotel Manager would (1) provide the Saipan Hotel Management Services and manage and operate Fiesta Resort Saipan from the commencement date (which took place on August 1, 2020); (2) provide Fiesta Resort Saipan with access to the worldwide reservation system and loyalty programs administered and operated by the Hotel Manager (or its affiliates); and (3) implement the pre-opening and rebranding program on behalf of APhi Saipan to operationally prepare Fiesta Resort Saipan to be rebranded and operated as “Crowne Plaza Resort Saipan” from the rebranding date. Based on the current progress of the Saipan Hotel Rebranding Works, the management of the Group currently expects that the Group will be able to rebrand Fiesta Resort Saipan in the 4th quarter of 2021, subject to final confirmation by the Hotel Manager.

In consideration for the services to be provided by the Hotel Manager and the license to use the “Crowne Plaza” brand, the Hotel Manager will receive various fees and contributions under the Saipan Hotel Management Agreement, including but not limited to a license fee and an incentive

LETTER FROM THE BOARD

management fee respectively calculated with reference to the revenue and profits of Fiesta Resort Saipan. The Saipan Hotel Management Agreement may be terminated under various circumstances, for example, if the financial performance of Fiesta Resort Saipan did not meet the prescribed threshold.

E. Value of Consideration

The aggregate value of the consideration payable under the Saipan Construction Contracts is approximately US\$14,089,000, which will be funded partly by the net proceeds from Listing, partly by the Group's internal resources and partly by external financing.

The consideration under each of the Saipan Construction Contracts was determined after arm's length negotiations between APhi Saipan and the Contractor and on normal commercial terms with reference to the standard required for the Saipan Renovation Works, the experience and market position of the Contractor and the expected quality of the Saipan Renovation Works.

No tendering process was carried out for the renovation projects under the Saipan Construction Contracts due to the limited number of suitable contractors in Saipan. As the local population in Saipan is scarce (approximately 50,000 for the entire CNMI) and the island is reliant on foreign labor force, choice of contractors with the requisite capacity and competence to carry out large scale renovation projects for a luxury resort on a tight schedule was very limited. The management of the Group saw that most other contractors in the market are smaller in scale and are not sufficiently experienced to handle the size of the projects and meet the standards of the "Crowne Plaza" brand required for the Saipan Renovation Works. After consultation with the Project Manager and the Construction Manager, the management of the Group decided that it would be impractical to carry out a tendering process.

Instead, face-to-face meetings were held between the representatives of potential contractors and the management of the Group to discuss the requirements of each project. Cost estimates would be given by the potential contractors verbally during such meetings based on conceptual drawings of the Saipan Renovation Works. The Contractor was selected by the management of the Group after due and careful consideration of various factors, including the cost estimates provided by the potential contractors.

As per the Guam Construction Contracts, the Project Manager and the Construction Manager assisted the management of the Group in assessing the reasonableness of the fees charged by the Contractor under the Saipan Construction Contracts. Reference was also made to the going rate for construction material and labor costs as seen in industry standard reports, such as the Hotel Cost Estimating Guide published by Nehmer and HVS Design (leading architecture, interior design and project management firms specializing in the hospitality industry) and the Construction Market Analysis Report published by Cumming Construction Management, Inc. (leading project

LETTER FROM THE BOARD

management and cost consulting firm). As no historical hotel renovation work for Saipan was available for reference when comparing costs, other project budgets and actual costs from recent years, including projects based in Hawaii or similar locations in the U.S., were considered. Taking into account the professional advice provided by the Project Manager and the Construction Manager, the management of the Group considers that the fees charged by the Contractor under the Saipan Construction Contracts are fair and reasonable.

F. Reasons and Benefits for Entering into the Saipan Construction Contracts

One of the principal businesses of the Group is the operation of hotels and resorts in Saipan and Guam. For the financial year ended December 31, 2020, Fiesta Resort Saipan contributed to 12.2% of the Group's total revenue.

As mentioned above and disclosed in the Prospectus, asset quality (including but not limited to room age, contemporary decoration and maintenance standard) is the primary factor when leisure travelers select their holiday accommodation. Similar to the Guam Hotel, Fiesta Resort Saipan's relatively dated asset quality has impaired its ability to command higher room rates.

Taking into account the market landscape of Fiesta Resort Saipan, the Directors (including the independent non-executive Directors) are of the view that the Saipan Renovation Works under the Saipan Construction Contracts will increase the accommodation capacity of Fiesta Resort Saipan and position Fiesta Resort Saipan at a high-end market position capable of commanding a higher revenue and reaching out to a wider and more premium customer base. This is in line with the Group's elaborate business strategies to (1) increase average room rates and achieve stronger yield and (2) expand the long-term accommodation capacity in its Hotels & Resorts Segment as disclosed in the Prospectus.

The Directors (including independent non-executive Directors), having reviewed and approved the Saipan Construction Contracts based on their industry experience and upon considering professional advice provided by the Project Manager and the Construction Manager, are of the view that the terms of the Saipan Construction Contracts are on normal commercial terms and are fair and reasonable and entering into of the Saipan Construction Contracts is in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Saipan Construction Contracts or was required to abstain from voting on the Board resolutions approving the Saipan Construction Contracts.

LETTER FROM THE BOARD

G. Implications under the Listing Rules

As the Saipan Construction Contracts were entered into with the same contractor within a 12-month period and they involve the same asset, the Stock Exchange requires the Company to aggregate the Saipan Construction Contracts and treat them as if they were one transaction under Rule 14.22 and Rule 14.23 of the Listing Rules.

The Saipan Construction Contracts (on an aggregated basis) constitute a major transaction of the Company as one or more of the applicable percentage ratios is 25% or more but less than 100%, and is therefore subject to the reporting, announcement and shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the transactions under the Saipan Construction Contracts.

Since no Shareholder is required to abstain from voting if a general meeting was convened to approve the Saipan Construction Contracts, a written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Chapter 14 of the Listing Rules. THC Leisure, being the controlling shareholder of the Company holding 270,000,000 Shares (representing 75% of the total issued share capital of the Company) has given a written approval to the Saipan Construction Contracts. Accordingly, the written approval from THC Leisure will be accepted in lieu of holding a general meeting of the Company for the approval of the Saipan Construction Contracts.

H. Financial Effects of entering into the Saipan Construction Contracts

The consideration payable under the Saipan Construction Contracts will be settled in cash by way of utilizing the net proceeds from Listing, the Group's internal resources and external financing. Following the completion of the Saipan Renovation Works and without taking into account of any appreciation of the Group's property, plant and equipment, the total of the property, plant and equipment of the Group is expected to increase by approximately the same amount as the aggregate consideration of the Saipan Construction Contracts. As a result, the net asset value of the Group is expected to remain unchanged as the increase in the total property, plant and equipment will be offset by the decrease in bank balances and cash. Other than the revaluation impact of Fiesta Resort Saipan, the Group does not expect the Saipan Construction Contracts to have any immediate material impact upon the earnings of the Group.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Group is principally engaged in (1) hotel and resort operations in Saipan and Guam; (2) travel retail business of luxury and leisure clothing and accessories in Saipan, Guam and Hawaii; and (3) 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 2020 Annual Report, the net asset value of the Company as at December 31, 2020 was approximately US\$91.8 million.

INFORMATION OF THE CONTRACTOR

The Contractor is principally engaged in undertaking building construction and renovation work as a prime contractor in the Northern Mariana Islands, Guam and the Federated States of Micronesia. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Contractor and its ultimate beneficial owner are independent third parties.

The Contractor was incorporated in 1998 and has extensive experience in Guam and the CNMI, with a diversified portfolio which includes large and complex projects for both the private and public sector. The main office of the Contractor is located in Saipan and it has branch offices in Guam and four other islands in the CNMI and the Federated States of Micronesia. Each office of the Contractor is managed and operated by a different team of personnel.

APHI Saipan previously engaged the Contractor in 2005 for improvement works carried out to the entrance and parking lot of Fiesta Resort Saipan (then known as Dai-Ichi Hotel). The renovation project commenced in August 2005 and was completed in February 2006. The total consideration paid to the Contractor under the relevant construction contract was approximately US\$0.4 million. APHI Saipan engaged an architect to assist in the relevant project and both APHI Saipan and the architect were satisfied with the performance of and the quality of work delivered by the Contractor. The Group had not engaged the Contractor in any other renovation or construction projects since then until the Guam Construction Contracts and the Saipan Construction Contracts.

Beach Road Tourism, a connected person of the Group, engaged the Contractor in 2016 for the construction project of The Arc, a luxury retail shopping complex located in Garapan, Saipan. The construction project commenced in February 2016 and was completed in April 2017. The total consideration paid to the Contractor under the relevant construction contract was approximately US\$3.7 million.

LETTER FROM THE BOARD

Century Insurance, a connected person of the Group, engaged the Contractor (Yap branch office) in 2013 for the construction project of Yap Early Childhood Education Center located in Yap, the Federated States of Micronesia. The construction project commenced in July 2013 and was completed in August 2014. The total consideration paid to the Contractor under the relevant construction contract was approximately US\$1.0 million.

Save as mentioned above, no other connected person of the Company has engaged the Contractor in any other renovation or construction projects in the past 10 years.

No tendering process was carried out for the Guam Renovation Works and the Saipan Renovation Works due to the limited number of suitable contractors in Guam and Saipan. Nevertheless, as mentioned above, the Contractor was selected by the Group as the prime contractor for the Guam Renovation Works and the Saipan Renovation Works after due and careful consideration with the benefit of professional advice from the Project Manager and the Construction Manager. Apart from costs, the management of the Group also took into account a number of factors, including quality of work, experience, availability and market position.

During the contractor selection process for the Guam Renovation Works and the Saipan Renovation Works, the Company identified three contractors in Guam (including the Guam branch office of the Contractor) and three contractors in Saipan (including the Contractor) which were potentially suitable based on recommendations provided by the Project Manager. However, after several face-to-face meetings with the potential contractors carried out between mid-2019 to late-2019, the management of the Group noted that the other potential contractors in both Guam and Saipan were either not able to offer competitive commercial terms or does not have the capacity or interest to take up the projects. After due and careful consideration, the management of the Group concluded that the Guam branch office of the Contractor and the Saipan main office of the Contractor were the best choice for the Guam Renovation Works and the Saipan Renovation Works respectively.

INFORMATION OF THE PROJECT MANAGER AND THE CONSTRUCTION MANAGER

The Project Manager was founded in 2009 and its professionals have over 35 years of experience in the hospitality industry, including asset management, project management and renovation management. In particular, the Project Manager is experienced in developing, negotiating, renovating and operating with many of top hotel brands across the world.

The Construction Manager was founded in 2014 and its principal has over 35 years of hotel construction experience including budget preparation and estimations, project management and renovations.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Project Manager and the Construction Manager and their ultimate beneficial owner are independent third parties and they are not associated with the Contractor.

Considering the extensive experience of the Project Manager and the Construction Manager, the management of the Group is of the view that the Project Manager and the Construction Manager are qualified to assist the Group in evaluating and assessing the reasonableness of the scope of work and fees under the Guam Construction Contracts and the Saipan Construction Contracts.

ASSET REJUVENATION PLAN

As disclosed in the Prospectus, the Group's Asset Rejuvenation Plan in respect of its hotels and resorts was devised by the Group along with an international architectural and hospitality consultant. The principal objectives of the Asset Rejuvenation Plan are to strengthen the Group's room rate commanding power and to achieve stronger yield growth, riding on the global tourist preferences for premium holiday experiences.

According to the Group's industry consultant, asset quality (including but not limited to room age, contemporary decoration, extent of hospitality offering, maintenance standard and service level) is the primary factor when leisure travelers select their holiday accommodation, particularly more so in small tropical getaways such as Guam where tourism facilities and attractions are fairly clustered within walking distance and locations and other ancillary factors play a less important role. The Directors expect that the Asset Rejuvenation Plan will lift the Group's hotels from the more competitive mid-market segment towards the more attractive up-market segment with less competition.

A. The Guam Hotel

The original Asset Rejuvenation Plan in respect of the Guam Hotel as mentioned in the Prospectus covers (1) room refurbishment including upgrade works for all room categories with a priority on ocean view rooms and refurbishment works to be carried out to fixtures, flooring, mirrors and roofs; (2) landscaping upgrade including the upgrade of the arrival approach with better lighting, materials and vegetation, as well as enhancement of restaurant access, lobby flooring and furniture; and (3) hospitality enhancements including the enhancement of amenities such as lounge, spa and pools, upgrade of elevators, chillers and furniture, as well as enhancement of back-of-house functions. The Asset Rejuvenation Plan for the Guam Hotel was originally expected to commence in late-2019 and would take around 12 to 18 months to complete, and the total estimated capital expenditure was estimated to be around US\$20.4 million, as disclosed in the Prospectus.

LETTER FROM THE BOARD

In view of the execution of the Guam Hotel Management Agreement, the Group and the Hotel Manager decided to make additional investments in various landscaping and hospitality upgrades and to enhance the overall standard of works in order to ensure that the Guam Hotel adheres to the brand standards of the “Crowne Plaza” brand. Hence, adjustments were made to the scope and standard of the original Asset Rejuvenation Plan, which became part of the Rebranding Works. Due to the additional time required to plan the additional investments and to work with the Hotel Manager, the commencement date for the implementation of the Asset Rejuvenation Plan was delayed to mid-2020, as disclosed in the 2019 Annual Report.

Further, as disclosed in the Previous Guam Announcement and the 2020 Annual Report, the Group’s management subsequently decided to invest in a more energy-efficient air-conditioning system and further upgrade works in respect of the Guam Hotel, such as the upgrade of all elevators, the upgrade of the main power distribution system to meet the needs of the upgraded hotel, as well as the expansion of the indoor space of the restaurant to increase indoor capacity. As such, further adjustments were made to the scope and standard of the Asset Rejuvenation Plan.

In view of the various adjustments made to the original Asset Rejuvenation Plan, as of the Latest Practicable Date, the estimated total capital expenditure for the implementation of the Asset Rejuvenation Plan of the Guam Hotel is now projected to be approximately US\$37.7 million, as disclosed in the 2020 Annual Report.

The relevant works under the Asset Rejuvenation Plan for the Guam Hotel commenced in June 2020 and, based on the current expected timeline, the management of the Group currently expects that the Asset Rejuvenation Plan for the Guam Hotel will be completed and the Guam Hotel will be ready to be rebranded and reopened as “Crowne Plaza Resort Guam” in the 4th quarter of 2021.

B. Fiesta Resort Saipan

The original Asset Rejuvenation Plan in respect of Fiesta Resort Saipan as mentioned in the Prospectus covers (1) room refurbishment including renovation and upgrade works for guestrooms such as headboards, finishes and bathroom; (2) landscaping upgrade including the upgrade of lighting, road-paving materials, redesign of the lobby, lounge, garden and pool areas; and (3) hospitality enhancements including the enhancement of capacity work-flow, food and beverage outlets and back-of-house functions, upgrade of banquet and meeting spaces, pools and bars. The Asset Rejuvenation Plan for Fiesta Resort Saipan was originally expected to commence in early 2020 and would take around 9 to 15 months to complete, and the total estimated capital expenditure was estimated to be around US\$22.3 million, as disclosed in the Prospectus.

LETTER FROM THE BOARD

As mentioned in the Prospectus and the 2019 Annual Report, the estimated capital expenditure was based on the assumption that the land lease underlying our Fiesta Resort Saipan will be renewed prior to the implementation of its asset rejuvenation plan. As the renewal of the relevant land lease was only finalized on April 23, 2020, the implementation of the Asset Rejuvenation Plan for Fiesta Resort Saipan had to be delayed.

Further, as disclosed in the 2020 Annual Report, in view of the execution of the Saipan Hotel Management Agreement, the Group and the Hotel Manager decided to make additional investments in landscaping upgrade, guestrooms and public space infrastructure, as well as to enhance the overall standard of works in order to ensure that Fiesta Resort Saipan adheres to the brand standards of the “Crowne Plaza” brand. Hence, adjustments were made to the scope and standard of the original Asset Rejuvenation Plan, which became part of the Saipan Hotel Rebranding Works. Due to the additional time required to plan the additional investments and to work with the Hotel Manager, the commencement date for the implementation of the Asset Rejuvenation Plan was further delayed.

In view of the various adjustments made to the original Asset Rejuvenation Plan, as of the Latest Practicable Date, the estimated total capital expenditure for the implementation of the Asset Rejuvenation Plan of Fiesta Resort Saipan is now projected to be approximately US\$38.2 million, as disclosed in the 2020 Annual Report.

The relevant works under the Asset Rejuvenation Plan for Fiesta Resort Saipan commenced in January 2021 and, based on the current expected timeline, the management of the Group currently expects that the Asset Rejuvenation Plan for Fiesta Resort Saipan will be completed and Fiesta Resort Saipan will be ready to be rebranded and reopened as “Crowne Plaza Resort Saipan” in the 4th quarter of 2021.

USE OF PROCEEDS FROM LISTING

A. The Guam Hotel

According to the Prospectus, the original total estimated capital expenditure for the Asset Rejuvenation Plan of the Guam Hotel was approximately US\$20.4 million, and the amount of net proceeds from Listing allocated to the Asset Rejuvenation Plan of the Guam Hotel was US\$10.7 million, which represented around 52.5% of the then estimated total capital expenditure.

As mentioned above, as of the Latest Practicable Date, the estimated total capital expenditure for the Asset Rejuvenation Plan of the Guam Hotel is now projected to be approximately US\$37.7 million, which is approximately US\$17.3 million more than that mentioned in the Prospectus. As the additional estimated capital expenditure is and will be funded by the Group’s internal resources and external financing, there is no change to the amount of proceeds from Listing allocated to the

LETTER FROM THE BOARD

Asset Rejuvenation Plan of the Guam Hotel. Accordingly, as disclosed in the 2020 Annual Report, the amount of capital expenditure to be funded with the net proceeds from Listing now represents approximately 28.4% of the estimated total capital expenditure for the Asset Rejuvenation Plan of the Guam Hotel.

As disclosed in the 2020 Annual Report, approximately US\$8.6 million of the net proceeds from Listing has been used for the purpose of the Asset Rejuvenation of the Guam Hotel as at December 31, 2020. The remaining balance of the net proceeds from Listing allocated to the Asset Rejuvenation Plan of the Guam Hotel, being approximately US\$2.1 million, is expected to be used in the year ending December 31, 2021. As at the Latest Practicable Date, there is no change to or further delay in the use of proceeds from the Listing in respect of the Asset Rejuvenation Plan of the Guam Hotel as disclosed in the 2020 Annual Report.

B. Fiesta Resort Saipan

According to the Prospectus, the original total estimated capital expenditure for the Asset Rejuvenation Plan of Fiesta Resort Saipan was approximately US\$22.3 million, and the amount of net proceeds from Listing allocated to the Asset Rejuvenation Plan of Fiesta Resort Saipan was US\$11.8 million, which represented around 52.9% of the then estimated total capital expenditure.

As mentioned above, as of the Latest Practicable Date, the estimated total capital expenditure for the Asset Rejuvenation Plan of Fiesta Resort Saipan is now projected to be approximately US\$38.2 million, which is approximately US\$15.9 million more than that mentioned in the Prospectus. As the additional estimated capital expenditure is and will be funded by the Group's internal resources and external financing, there is no change to the amount of proceeds from Listing allocated to the Asset Rejuvenation Plan of Fiesta Resort Saipan. Accordingly, as disclosed in the 2020 Annual Report, the amount of capital expenditure to be funded with the net proceeds from Listing now represents approximately 30.9% of the estimated total capital expenditure for the Asset Rejuvenation Plan of Fiesta Resort Saipan.

As disclosed in the 2020 Annual Report, approximately US\$0.7 million of the net proceeds from Listing has been used for the purpose of the Asset Rejuvenation of Fiesta Resort Saipan as at December 31, 2020. The remaining balance of the net proceeds from Listing allocated to the Asset Rejuvenation Plan of Fiesta Resort Saipan, being approximately US\$11.1 million, is expected to be used in the year ending December 31, 2021. As at the Latest Practicable Date, there is no change to or further delay in the use of proceeds from the Listing in respect of the Asset Rejuvenation Plan of Fiesta Resort Saipan as disclosed in the 2020 Annual Report.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended December 31, 2018, 2019 and 2020 is disclosed in the Prospectus, the 2019 Annual Report and the 2020 Annual Report respectively, and are incorporated by reference into this circular.

All of the abovementioned documents are available on the Company's website at www.saileisuregroup.com and the website of the Stock Exchange at www.hkexnews.hk.

The following is the hyperlink to the Prospectus published on April 30, 2019 with its audited consolidated financial statements for the three years ended December 31, 2016, 2017 and 2018 on pages I-3 to I-71:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0430/ltn20190430041.pdf>

The following is the hyperlink to the 2019 Annual Report published on April 16, 2020 with its audited consolidated financial statements for the year ended December 31, 2019 on pages 61 to 139:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041600443.pdf>

The following is the hyperlink to the 2020 Annual Report published on April 15, 2021 with its audited consolidated financial statements for the year ended December 31, 2020 on pages 64 to 131:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500798.pdf>

INDEBTEDNESS

As at the close of business on April 30, 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had aggregate banking facilities of US\$11.0 million secured by certain buildings and investment properties owned by the Group, all of which were unutilized; and the Group had current lease liabilities of US\$1.9 million and non-current lease liabilities of US\$17.1 million. Save as disclosed above, as at the close of business on April 30, 2021, the Group did not have any outstanding (i) debt securities, whether issued and outstanding, authorized or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of

borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

On June 4, 2021, the Group entered into a new banking facility letter for a new banking facility of US\$43.0 million to be secured by certain buildings and investment properties owned by the Group. The new banking facility replaces the existing banking facilities of US\$11.0 million mentioned above. As of the Latest Practicable Date, the new banking facility was unutilized.

WORKING CAPITAL STATEMENT

The Directors, having made due and careful enquiry, are of the opinion that taking into account the Guam Construction Contracts, the Saipan Construction Contracts and the Group's available financial resources, including internally generated revenue and funds, banking facilities and cash on hand, the Group has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2020, being the date to which the published audited consolidated financial statements of the Group were made up.

FINANCIAL AND OPERATIONAL PROSPECTS OF THE GROUP

In the year 2020, the global tourism industry was brought to a halt due to the outbreak of COVID-19. In order to mitigate the financial impacts of the pandemic, the Group's management decided to temporarily suspend the business operations of some of the Group's hotels, luxury travel retail boutiques and destination services in late March 2020, and implemented various cost-saving measures.

Despite the challenging circumstances, the Directors are of the view that the financial position of the Group remained strong during the year 2020. Going forward, the Directors are confident in the financial prospects of the Group given its consistently healthy financial position and the active and timely countermeasures taken by the Group, with business operations set to resume normality after the COVID-19 pandemic. With the gradual roll-out of vaccination programs worldwide, the Group's management expects that the global travel sentiment will recover as soon as the spread of the virus is effectively controlled and travel bans are lifted.

In order to take advantage of the period of business suspension during the pandemic, the Group expedited the renovation and upgrade works to be carried out to the Guam Hotel and Fiesta Resort Saipan. Currently, the Group's management expects that the renovation and upgrade works for the two hotels will be completed one after the other in the 4th quarter of 2021. Subject to the confirmation of the Hotel Manager, the Guam Hotel and Fiesta Resort Saipan will be respectively re-branded as "Crowne Plaza Resort Guam" and "Crowne Plaza Resort Saipan" soon after completion of the relevant works. Being the newest hotels in town, the Group's management believes that these two hotels will be uniquely positioned to capture the pent-up travel demand and take advantage of the potentially strong recovery of the leisure travel market.

As at the Latest Practicable Date, Kanoa Resort continues to support the local government of Saipan by providing its hotel rooms, facilities and meal services to persons subject to mandatory quarantine requirements under an emergency contract. In late December 2020, the Group has entered into a hotel management agreement with the Hotel Manager in respect of Kanoa Resort and the renovation works of Kanoa Resort will commence after the termination or expiry of the emergency contract. After completion of the first phase of the renovation works, Kanoa Resort will be rebranded as "voco Resort Saipan".

With the Hotel Manager (a wholly-owned subsidiary of the InterContinental Hotels Group) managing the Guam Hotel, Fiesta Resort Saipan and Kanoa Resort after their respective rebranding as "Crowne Plaza Resort Guam", "Crowne Plaza Resort Saipan" and "voco Resort Saipan", the Group's management expect that this will create positive synergy among the three major hotels of the Group.

The Group's management will continue to implement cost-saving measures to alleviate the negative financial impact resulting from COVID-19, and will continue to seek for expansion opportunities in the Group's luxury travel retail segment to bolster the Group's revenue source when the market resumes after the pandemic.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At the Latest Practicable Date, the interests and short positions of the Directors or the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered on the register maintained by the Company referred to therein, or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Number of Shares			Percentage of interests in the Company as at the Latest Practicable Date ^(a)
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
Dr. Tan Siu Lin ^(b)	—	270,000,000	270,000,000	75%
Dr. Tan Henry ^(c)	—	270,000,000	270,000,000	75%

Notes:

- (a) The percentage has been compiled based on the total number of Shares issued (i.e. 360,000,000) as at the Latest Practicable Date.
- (b) Dr. Tan Siu Lin is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Henry in respect of the affairs of the Group, (ii) he and Dr. Tan Henry together control the majority of the board of directors of Supreme Success Limited ("**Supreme Success**"), which is the registered owner of the entire interests in Leap Forward Limited ("**Leap Forward**") 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, and are thus entitled to exercise the voting rights in Leap Forward, (iv) he is the founder of the said discretionary family trust, (v) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (vi) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Siu Lin.
- (c) Dr. Tan Henry is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Siu Lin in respect of the affairs of the Group, (ii) he and Dr. Tan Siu Lin together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward 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 and are thus entitled to exercise the voting rights in Leap Forward, (iv) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (v) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Henry. He is also the founder of a discretionary family trust which is the registered owner of a 20% interest in Tan Holdings.

As at the Latest Practicable Date, save as disclosed above, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered on the register maintained by the Company referred to therein, or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the interests and short positions of the persons (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) in the Shares and/or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

Name of Shareholders	Capacity/Nature of interests	Number of Shares	Percentage of interest in the Company as at the Latest Practicable Date ^(a)
Dr. Tan Siu Lin ^(b)	Interests in a controlled corporation	270,000,000	75%
Dr. Tan Henry ^(c)	Interests in a controlled corporation	270,000,000	75%
THC Leisure ^(d)	Beneficial interests	270,000,000	75%
Tan Holdings ^(d)	Interests in a controlled corporation	270,000,000	75%
Leap Forward ^(d)	Interests in a controlled corporation	270,000,000	75%
Supreme Success ^(d)	Interests in a controlled corporation	270,000,000	75%

Notes:

- (a) The percentage has been compiled based on the total number of Shares in issue (i.e. 360,000,000) as at the Latest Practicable Date.
- (b) Dr. Tan Siu Lin is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Henry in respect of the affairs of the Group, (ii) he and Dr. Tan Henry together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward 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, and are thus entitled to exercise the voting rights in Leap Forward, (iv) he is the founder of the said discretionary family trust, (v) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (vi) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Siu Lin.

- (c) Dr. Tan Henry is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Siu Lin in respect of the affairs of the Group, (ii) he and Dr. Tan Siu Lin together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward 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 and are thus entitled to exercise the voting rights in Leap Forward, (iv) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (v) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Henry. He is also the founder of a discretionary family trust which is the registered owner of a 20% interest in Tan Holdings.
- (d) THC Leisure directly holds 270,000,000 Shares (representing 75% of the Company's entire issued share capital). THC Leisure is 100% directly owned by Tan Holdings. Leap Forward holds 39% interest in Tan Holdings directly and Supreme Success holds 100% interest in Leap Forward.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short position in the Shares and/or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as notified to the Company.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business, which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder of the Company).

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had, since December 31, 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to, the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group; and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the businesses of the Group as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the Guam Hotel Management Agreement, details of which were set out in the announcement of the Company dated September 10, 2019;
- (b) the land lease of the hotel premises of Fiesta Resort Saipan for a renewed term of 40 years commencing from July 1, 2021, details of which were set out in the announcement of the Company dated April 23, 2020;
- (c) the Saipan Hotel Management Agreement, details of which were set out in the announcement of the Company dated May 3, 2020;
- (d) the Previous Guam Construction Contract, details of which were set out in the announcement of the Company dated November 5, 2020;
- (e) the hotel management agreement dated December 29, 2020 and entered into between APHI Saipan and the Hotel Manager in respect of Kanoa Resort, details of which were set out in the announcement of the Company dated December 29, 2020;

- (f) the Guam Construction Contracts; and
- (g) the Saipan Construction Contracts.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during the following business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted) unless (i) a tropical cyclone warning signal number 8 or above is hoisted; or (ii) a black rainstorm warning signal is issued at 5/F, Nanyang Plaza 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong for 14 days from the date of this circular:-

- (a) the Company's memorandum and articles of association;
- (b) material contracts referred to in the paragraph headed "8. Material Contracts" in this appendix;
- (c) the 2019 Annual Report;
- (d) the 2020 Annual Report; and
- (e) this circular.

10. GENERAL

- (a) The address of the registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company is at 5/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Cheung Pik Shan Bonnie, who is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The principal share registrar and transfer office of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (e) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.