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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)

PROFIT WARNING

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the financial year ended December 31, 2020, the Board expects the Group to record a loss attributable to owners of the Company of approximately US\$9.5 million for the financial year ended December 31, 2020, as compared to a profit attributable to owners of the Company of approximately US\$10.1 million for the preceding financial year ended December 31, 2019. Based on the information currently available to the Board, the amount of loss as aforesaid has taken into account, amongst others, the following non-cashflow items totaling US\$14.4 million:-

- (1) recognition of depreciation and amortization expenses and impairment losses relating to the Group’s operating assets of approximately US\$8.7 million and US\$2.8 million respectively; and
- (2) a one-time write-off of the Group’s property, plant and equipment amounting to approximately US\$2.9 million as a result of the renovation works currently being carried out to the Group’s hotel in Guam, which will be reopened under the new brand name “Crowne Plaza Resort Guam” after renovation.

Based on the information currently available to the Board, the decrease in profits and earnings is mainly attributable to a significant decrease in revenue of the Group caused by:-

- (i) the global outbreak of COVID-19 which, coupled with various measures imposed by different countries and territories (including travel bans and mandatory quarantine requirements), caused a sharp decline in the number of tourists travelling to Saipan and Guam since around February 2020; and
- (ii) the temporary suspension of operation of a number of the Group's hotels and resorts, luxury travel retail boutiques and destination services with effect from around late March 2020.

Nevertheless, the Board notes that the negative impact of the above factors on the Group's financial performance for the financial year ended December 31, 2020 has been mitigated by the following:-

- (a) a significant decrease in operating expenses as a result of the temporary suspension of operation of a number of our hotels and resorts, our luxury travel retail boutiques and destination services since around late March 2020 and the implementation of numerous cost-saving measures;
- (b) revenue from the temporary resumption of business of the restaurant in one of the Group's hotels in Saipan and some of the Group's luxury travel retail boutiques in Guam, Saipan and Hawaii during the fourth quarter of the year; and
- (c) revenue from one of the Group's hotels in Saipan, Kanoa Resort, which has continued to operate during the COVID-19 outbreak in view of an emergency contract entered into between the Group and the relevant government authority in the Commonwealth of the Northern Mariana Islands in March 2020 for the provision of rooms, facilities and meal services to persons subject to mandatory quarantine requirements upon arrival in Saipan, as previously announced.

The Group has been actively managing operating expenses in order to minimize the overall impact of the COVID-19 outbreak, and has reacted promptly by taking stringent cost-cutting measures as previously announced and as mentioned above. The Group's management has also made prompt decisions to resume some of its business operations as and when local regulations and market conditions allow.

While the duration of the COVID-19 outbreak remains uncertain, the Board will continue to closely monitor market conditions, changes in the global travel sentiment and market behavior, and will make timely adjustments to the Group's strategies. In order to take advantage of the period of business suspension as well as the potentially strong recovery of the leisure travel market, the Group is in the course of expediting the renovation and upgrade works to be carried out to Fiesta Resort Guam and Fiesta Resort & Spa Saipan. Currently, the Board expects that the renovation and upgrade works for the two hotels will be completed one after the other in the second half of 2021. Subject to the confirmation of the hotel manager, Fiesta Resort Guam and Fiesta Resort & Spa Saipan will be respectively re-branded as "Crowne Plaza Resort Guam" and "Crowne Plaza Resort Saipan" soon after completion of the relevant works.

The information contained in this announcement is only based on the preliminary assessment of unaudited information currently available to the Board. The results of the Group for the financial year ended December 31, 2020 have not been finalized as at the date of this announcement and have not been reviewed by the Board's audit committee and the Company's independent auditor. The actual results of the Group for the financial year ended December 31, 2020 may be different from what is disclosed in this announcement.

Shareholders and potential investors are advised to carefully read the upcoming announcement of the Company in relation to the final results of the Group for the financial year ended December 31, 2020, which is expected to be published by end of March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
S.A.I. Leisure Group Company Limited
Henry Tan
*Vice Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, March 2, 2021

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