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海天地悅旅集團有限公司
S.A.I. LEISURE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1832)

INSIDE INFORMATION

TEMPORARY SUSPENSION OF OPERATION OF THE GUAM HOTEL FOR RENOVATION AND UPGRADE

This announcement is made pursuant to (1) Rules 13.09 and 13.10 of the 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 is pleased to inform Shareholders that the implementation of the Asset Rejuvenation Plan of the Guam Hotel is currently on schedule.

For the purpose of carrying out the next phase of the renovation and upgrade works under the Asset Rejuvenation Plan (including room refurbishment, landscaping upgrade and hospitality enhancement), the business operations of the Guam Hotel will be suspended until completion of the renovation and upgrade works.

In order to prepare the Guam Hotel to be reopened under the new brand name “Crowne Plaza Resort Guam”, the Rebranding Works under the Hotel Management Agreement will also be carried out during the course of implementation of the next phase of the Asset Rejuvenation Plan.

The Directors estimate that the upcoming renovation and upgrade works under the Asset Rejuvenation Plan and the Rebranding Works will commence in June 2020 and be completed by May 2021. The Company will keep Shareholders informed on the date for the grand re-opening of the Guam Hotel as “Crowne Plaza Resort Guam”, which is currently expected to be in mid-2021.

The Directors expect that the revenue attributed to the Guam Hotel in the financial years ending December 31, 2020 and December 31, 2021 will significantly decrease as compared to the preceding financial year ended December 31, 2019 due to the combination of (1) the estimated capital expenditure for the Asset Rejuvenation Plan and the Rebranding Works, and (2) the temporary suspension of operation of the Guam Hotel due to the COVID-19 outbreak and during the course of implementation of the Asset Rejuvenation Plan and the Rebranding Works. Nevertheless, the Directors also estimate that the potential financial impact will be mitigated by the decrease in operating costs of the Guam Hotel, including staff costs.

The Directors consider that the renovation, upgrade and eventual rebranding of the Guam Hotel will position the Guam Hotel at a high-end market position capable of commanding higher room rates and reaching out to a wider and more premium customer base after its grand re-opening as “Crowne Plaza Resort Guam”.

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

The Guam Hotel

The Guam Hotel is currently known as “Fiesta Resort Guam”, which is a 17,567 sq. m. facility strategically located at the Tumon Bay tourism center in Guam. As at the date of this Announcement, the Guam Hotel comprises 318 rooms. The Guam Hotel is operated on leasehold interests held by APhi Guam (an indirectly wholly-owned subsidiary of the Company), and the expiry date of the current land lease for the Guam Hotel is September 30, 2053. The Guam Hotel contributed US\$20.2 million (approximately 20.4%) to the Group’s revenue in the preceding financial year ended December 31, 2019.

As from 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 Hotel Management Agreement, the Guam Hotel has access to the worldwide reservation system and loyalty programs administered and operated by the Hotel Manager.

The Board is pleased to inform Shareholders that the implementation of the Asset Rejuvenation Plan of the Guam Hotel is currently on schedule. After completion of the renovation and upgrade works under the Asset Rejuvenation Plan and the Rebranding Works under the Hotel Management Agreement, which is currently expected to be in mid-2021, the Guam Hotel will be rebranded as “Crowne Plaza Resort Guam”.

After rebranding, the Guam Hotel will be operated by the Hotel Manager under the brand system of the “Crowne Plaza” brand, which will reflect the quality standards and common business practices of “Crowne Plaza” hotels around the world.

Current suspension of operation due to COVID-19

As mentioned in the Announcement issued by the Company on March 26, 2020, in order to mitigate the negative financial and operational impacts of the COVID-19 outbreak, the business operations of the Guam Hotel have been temporarily suspended since April 2, 2020 until further notice.

As at the date of this Announcement, various government measures in relation to the COVID-19 outbreak (including travel bans and mandatory quarantine requirements) are still in place. As such, the Group's management and the Hotel Manager are of the view that it is an appropriate time to accelerate the Asset Rejuvenation Plan and the Rebranding Works so that the Guam Hotel will be ready to reopen under the new brand name "Crowne Plaza Resort Guam" when global travel sentiment recovers.

Extended suspension of operation for renovation and upgrade

For the purpose of carrying out the next phase of the renovation and upgrade works under the Asset Rejuvenation Plan (including room refurbishment, landscaping upgrade and hospitality enhancement), the business operations of the Guam Hotel will be suspended until completion of the renovation and upgrade works.

In order to prepare the Guam Hotel to be reopened under the new brand name "Crowne Plaza Resort Guam", the Rebranding Works under the Hotel Management Agreement will also be carried out during the course of implementation of the next phase of the Asset Rejuvenation Plan.

The Directors estimate that the upcoming renovation and upgrade works under the Asset Rejuvenation Plan and the Rebranding Works will commence in June 2020 and be completed by May 2021. The Company will keep Shareholders informed on the date for the grand re-opening of the Guam Hotel as "Crowne Plaza Resort Guam", which is currently expected to be in mid-2021.

Costs for renovation and upgrade

As disclosed in the Prospectus and the 2019 Annual Report, the potential capital expenditure in respect of the renovation and upgrade works under the Asset Rejuvenation Plan will be funded partly by the net proceeds from the Listing and partly by the Group's internal resources.

As mentioned in the 2019 Annual Report, the Directors estimated that the total capital expenditure for the Asset Rejuvenation Plan will be approximately US\$32.7 million. As at the date of this Announcement, (1) there is no change to the estimated total capital expenditure for the Asset Rejuvenation Plan, and (2) there is no change to or further delay in the use of proceeds from the Listing as disclosed in the Prospectus and supplemented by the 2019 Annual Report.

Potential financial impact

The Directors expect that the revenue attributed to the Guam Hotel in the financial years ending December 31, 2020 and December 31, 2021 will significantly decrease as compared to the preceding financial year ended December 31, 2019 due to the combination of (1) the estimated capital expenditure for the Asset Rejuvenation Plan and the Rebranding Works, and (2) the temporary suspension of operation of the Guam Hotel due to the COVID-19 outbreak and during the course of implementation of the Asset Rejuvenation Plan and the Rebranding Works.

Nevertheless, the Directors also estimate that the potential financial impact will be mitigated by the decrease in operating costs of the Guam Hotel, including staff costs, of approximately US\$15.1 million during the one-year period from June 2020 to May 2021 due to the temporary suspension of business operations. Such decrease represents approximately 78.7% of the total operating costs incurred for the Guam Hotel during the financial year ended December 31, 2019.

The Directors consider that the renovation, upgrade and eventual rebranding of the Guam Hotel will position the Guam Hotel at a high-end market position capable of commanding higher room rates and reaching out to a wider and more premium customer base after its grand re-opening as “Crowne Plaza Resort Guam”.

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

DEFINITIONS

2019 Annual Report	the annual report of the Company dated March 26, 2020 for the financial year ended December 31, 2019
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

Asset Rejuvenation Plan	the renovation, refurbishment and fit-out works contemplated for the Guam Hotel as detailed in the Prospectus and supplemented by the 2019 Annual Report
Board	the board of directors of the Company
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)
COVID-19	the disease named “COVID-19” by the World Health Organization, which is a respiratory disease caused by a novel coronavirus first detected in 2019
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries
Guam	Guam, a U.S. territory located in the Western Pacific Region
Guam Hotel	the Group’s hotel located in Tumon Bay, Guam which is currently operated as “Fiesta Resort Guam”
Hotel Management Agreement	the hotel management agreement dated September 10, 2019 entered into between APhi Guam and the Hotel Manager (as manager and licensor) in respect of, among other things, the Hotel Management Services to be provided by the Hotel Manager at the Guam Hotel
Hotel Management Services	the various management and operational services to be carried out by the Hotel Manager under the 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 Hotel Management Agreement
Hotel Manager	IHC Hotel Limited (a wholly-owned subsidiary of InterContinental Hotels Group), the manager of the Guam Hotel under the Hotel Management Agreement

Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
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)
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
Prospectus	the prospectus of the Company published on April 30, 2019
Rebranding Works	the works required to refurbish and fit-out the Guam Hotel in accordance with the terms of the Hotel Management Agreement to the brand standards of the "Crowne Plaza" brand
Shareholder(s)	shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
U.S.	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

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

Hong Kong, May 28, 2020

As at the date of this announcement, the Board of Directors 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.