



海天地悅旅集團有限公司

S.A.I. LEISURE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1832



INTERIM REPORT

2024





CONTENTS

	<i>Page(s)</i>
Corporate Information	2
Independent Review Report	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Condensed Consolidated Interim Financial Information	12
Management Discussion and Analysis	44
Other Information	56

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

Corporate Information

Board of Directors

Executive Directors

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

Mr. CHIU George

Mrs. SU TAN Jennifer Sze Tink

Non-Executive Directors

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

Mr. TAN Willie

Mr. SCHWEIZER Jeffrey William

Independent Non-Executive Directors

Mr. CHAN Leung Choi Albert

Mr. MA Andrew Chiu Cheung

Mr. WONG Chun Tat, JP

Audit Committee

Mr. MA Andrew Chiu Cheung (*Chairman*)

Mr. CHAN Leung Choi Albert

Mr. WONG Chun Tat, JP

Remuneration Committee

Mr. CHAN Leung Choi Albert (*Chairman*)

Mr. WONG Chun Tat, JP

Dr. TAN Henry, BBS, JP

Nomination Committee

Mr. WONG Chun Tat, JP (*Chairman*)

Mr. CHAN Leung Choi Albert

Dr. TAN Henry, BBS, JP

Chairman and Non-Executive Director

Dr. TAN Siu Lin, GBS

Company Secretary

Ms. CHEUNG Pik Shan Bonnie

Authorized Representatives

(for the purpose of the Listing Rules)

Dr. TAN Henry, BBS, JP

Ms. CHEUNG Pik Shan Bonnie

Legal Advisers to our Company

As to Hong Kong laws

Deacons

5th Floor

Alexandra House

18 Chater Road

Central, Hong Kong

As to CNMI and Guam laws

Blair Sterling Johnson & Martinez, P.C.

238 Archbishop Flores Street

Suite 1008

Hagåtña Guam

96910-5205

Auditor

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27th Floor, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Corporate Headquarters and Principal Place of Business Registered under Part 16 of the Companies Ordinance

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

Principal Bankers

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

Principal Share Registrar and Transfer Office

**Conyers Trust Company (Cayman)
Limited**

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Share Listing

**The Stock Exchange of Hong Kong
Limited**

(Stock Code: 1832)

Website

www.saileisuregroup.com

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 43, which comprises the condensed consolidated statement of financial position of S.A.I. Leisure Group Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the condensed consolidated interim financial information which indicates that the Group had net current liabilities of US\$59,301,000 as at June 30, 2024 and incurred a net loss of US\$9,743,000 during the six-month period then ended. Included in its current liabilities as at June 30, 2024 were an interest-bearing bank borrowing of US\$41,508,000 and a revolving loan of US\$5,000,000, both of which are repayable on demand whereas the Group's cash and cash equivalents amounted to US\$4,077,000 as at June 30, 2024. These conditions, along with other matters as set forth in note 2.1 to the condensed consolidated interim financial information, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Ernst & Young

Certified Public Accountants

Hong Kong

August 29, 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

		For the six months ended June 30,	
Note	2024	2023	
	US\$'000	US\$'000	
	(Unaudited)	(Unaudited)	
Revenue	3 21,097	14,391	
Cost of inventories sold	(2,053)	(1,929)	
Food and beverage costs	(1,269)	(1,213)	
Employee benefit expenses	(7,314)	(7,600)	
Utilities, repairs and maintenance	(3,280)	(3,053)	
Other operating costs	(14,215)	(11,531)	
Other gains, net	4 1	6	
Operating loss	(7,033)	(10,929)	
Finance income	5 —	1	
Finance costs	5 (2,710)	(2,288)	
Finance costs, net	5 (2,710)	(2,287)	
Loss before tax	6 (9,743)	(13,216)	
Income tax credit	7 —	—	
Loss for the period and total comprehensive loss for the period	(9,743)	(13,216)	

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

		For the six months ended June 30,	
Note	2024	2023	
	US\$'000	US\$'000	
	(Unaudited)	(Unaudited)	
Loss and total comprehensive loss attributable to:			
Shareholders of the Company	(9,667)	(13,112)	
Non-controlling interests	(76)	(104)	
	(9,743)	(13,216)	
Loss per share attributable to shareholders of the Company			
— Basic and diluted (US cents)	(2.7)	(3.6)	

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	Note	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	125,850	130,042
Investment properties	11	346	353
Intangible assets	12	38	46
Deferred income tax assets		6,583	6,583
Prepayments and deposits	15	982	1,131
Total non-current assets		133,799	138,155
Current assets			
Inventories	13	3,760	3,131
Trade receivables	14	4,022	5,579
Prepayments, deposits and other receivables	15	3,071	3,354
Amounts due from related parties	21(a)	434	105
Income tax recoverable		2,561	2,561
Cash and cash equivalents		4,077	4,438
Total current assets		17,925	19,168
Total assets		151,724	157,323
EQUITY			
Equity attributable to shareholders of the Company			
Issued share capital	16	461	461
Share premium	16	38,122	38,122
Capital reserve		27,006	27,006
Other reserve		4,836	4,836
Accumulated losses		(28,534)	(18,867)
Non-controlling interests		41,891 (428)	51,558 (352)
Total equity		41,463	51,206

Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	Note	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Other borrowings	19	17,000	20,500
Lease liabilities		16,035	16,519
Total non-current liabilities		33,035	37,019
Current liabilities			
Trade and other payables	17	15,180	14,112
Bank borrowings	18	46,508	47,633
Other borrowings	19	14,380	5,936
Lease liabilities		866	917
Amounts due to related parties	21(a)	250	458
Income tax payable		42	42
Total current liabilities		77,226	69,098
Total liabilities		110,261	106,117
Total equity and liabilities		151,724	157,323

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to shareholders of the Company							
	Issued share capital US\$'000 (Note 16)	Share premium US\$'000 (Note 16)	Capital reserve US\$'000	Other reserve US\$'000	Retained earnings/ (accumulated losses) US\$'000	Subtotal US\$'000	Non-controlling interests US\$'000	Total US\$'000
(Unaudited) At January 1, 2023	461	38,122	27,006	4,836	4,094	74,519	(342)	74,177
Loss for the period and total comprehensive loss for the period	–	–	–	–	(13,112)	(13,112)	(104)	(13,216)
At June 30, 2023	461	38,122	27,006	4,836	(9,018)	61,407	(446)	60,961
(Unaudited) At January 1, 2024	461	38,122	27,006	4,836	(18,867)	51,558	(352)	51,206
Loss for the period and total comprehensive loss for the period	–	–	–	–	(9,667)	(9,667)	(76)	(9,743)
At June 30, 2024	461	38,122	27,006	4,836	(28,534)	41,891	(428)	41,463

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

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	For the six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from/(used in) operations	554	(5,247)
Net cash flows from/(used in) operating activities	554	(5,247)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,489)	(6,318)
Interest received	—	1
Net cash flows used in investing activities	(1,489)	(6,317)
Cash flows from financing activities		
Repayment of bank loans	(1,125)	—
New other loans	4,500	14,200
Principal portion of lease payments	(399)	(581)
Interest paid	(2,402)	(2,421)
Net cash flows from financing activities	574	11,198
Net decrease in cash and cash equivalents	(361)	(366)
Cash and cash equivalents at beginning of period	4,438	3,451
Cash and cash equivalents at end of period	4,077	3,085
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,077	3,085

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

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

S.A.I. Leisure Group Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is at 5th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. During the reporting period, the Company and its subsidiaries (together, the “**Group**”) was principally engaged in (i) hotels and resorts operations in Saipan and Guam, (ii) travel retail business of luxury and leisure clothing and accessories in Saipan, Guam and Hawaii and (iii) provision of destination services in Saipan and Guam.

In the opinion of the directors of the Company (the “**Directors**”), the immediate holding company and intermediate holding company of the Company are THC Leisure Holdings Limited (“**THC Leisure**”) and Tan Holdings Corporation (“**Tan Holdings**”), respectively. Dr. Tan Siu Lin and Dr. Tan Henry (the son of Dr. Tan Siu Lin) are ultimate controlling parties.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to The Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This condensed consolidated interim financial information is presented in United States dollars (“**US\$**”) and all values are rounded to the nearest thousand (US\$’000), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the board of directors on August 29, 2024.

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by HKICPA.

Notes to the Condensed Consolidated Interim Financial Information

2.1 BASIS OF PREPARATION *(Continued)*

Going concern

As at June 30, 2024, the Group had net current liabilities of US\$59,301,000 and incurred a net loss of US\$9,743,000 during the six-month period then ended. Included in its current liabilities was an interest-bearing term loan of US\$41,508,000 and a revolving loan of US\$5,000,000, both of which are repayable on demand, for the renovation and upgrade works of hotels in Guam and Saipan, and its cash and cash equivalents amounted to approximately US\$4,077,000. Moreover, the Group had capital commitments of US\$1,986,000 as at June 30, 2024 in relation to the property, plant and equipment which are expected to be settled during the second half of the year ending December 31, 2024.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient resources to continue as a going concern. The following plans and measures have been undertaken to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) Pursuant to the terms and conditions of the facility with a bank, the Group will be subject to certain undertakings including but not limited to financial covenants. The Group closely monitors its compliance with the undertakings and financial covenants of the banking facility. As at June 30, 2024, the Group did not comply with a financial covenant of the banking facility in an aggregate amount of US\$48,000,000. Consent waiver of non-compliance to the financial covenant has been received by the Group subsequent to the reporting period.

Based on the latest communications between management and the bank regarding the compliance of undertakings and financial covenants, the Directors are not aware of any intention of the bank to withdraw its banking facility or demand immediate repayment of the bank borrowing. The Group has also placed an aggregate amount equivalent to six-month loan repayments (including interest payments and principal repayments) into its Debt Service Reserve Account with the bank. Furthermore, as the banking facility is fully secured by certain of the Group's hotel assets with ample security coverage, the Directors believe that the existing banking facility will continue to be available to the Group given the good track records and relationship the Group has with the bank;

Notes to the Condensed Consolidated Interim Financial Information

2.1 BASIS OF PREPARATION *(Continued)*

Going concern *(Continued)*

- (ii) The Group will continue its efforts to generate sufficient cash flows from operating activities by implementing measures in expediting the collection of outstanding trade receivables, improving sales and containing capital and operating expenditures to retain sufficient working capital for the operations of the Group;

- (iii) The Group has obtained shareholder loan facilities from Tan Holdings with an aggregate amount of US\$32,000,000, of which US\$30,500,000 was utilized by the Group as at the end of the reporting period. Subsequent to the reporting period, the Group has received a written commitment from Tan Holdings for a standby shareholder loan facility of US\$7,000,000. Furthermore, Tan Holdings has committed to providing financial support to enable the Group to meet its liabilities when they fall due in the foreseeable future (at least twelve months from the date of the condensed consolidated interim financial information). Tan Holdings has undertaken not to demand repayment of the amount due to it by the Group until the Group is in a position to repay without impairing its liquidity and financial position; and

- (iv) The Group will consider obtaining additional sources of funding as and when needed to enhance its financial position and support the operations of the Group.

Notes to the Condensed Consolidated Interim Financial Information

2.1 BASIS OF PREPARATION *(Continued)*

Going concern *(Continued)*

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from June 30, 2024. In the opinion of the Directors, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations and commitments as and when they fall due for a period of not less than twelve months from June 30, 2024. Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

The Group's ability to generate sufficient cash flows to continue as a going concern is subject to significant uncertainty and will depend on the successful outcome of the above plans and measures. Should the Group be unable to achieve the above plans and measures so as to continue as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's condensed consolidated interim financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the " 2022 Amendments ")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Condensed Consolidated Interim Financial Information

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION

The executive directors of the Company have been identified as the Group's chief operating decision-maker ("**CODM**"). The CODM has determined the operating segments based on the reports reviewed by them that are used to make strategic decisions and resources allocation. For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (a) Hotels and resorts: operation of hotels and leasing of commercial premises located within the hotel buildings in Saipan and Guam (the "**Hotels & Resorts Segment**");
- (b) Luxury travel retail: sales of luxury and leisure clothing and accessories in retail stores in Saipan, Guam and Hawaii (the "**Luxury Travel Retail Segment**"); and
- (c) Destination services: provision of destination activities including (i) operation of souvenir and convenience stores in Saipan and Guam; (ii) excursion tour operation in Saipan; and (iii) provision of land arrangement and concierge services in Saipan (the "**Destination Services Segment**").

The Group's business activities are conducted predominantly in Saipan, Guam and Hawaii.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other gains, net, finance income, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities information is not disclosed as they are not regularly reviewed by the CODM.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION (Continued)

The segment information provided to the Group's CODM for the reportable segments for the six months ended June 30, 2024 and 2023 are as follows:

	For the six months ended June 30,						Total	
	Hotels and resorts		Luxury travel retail		Destination services		2024	2023
	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	
Segment revenue								
Sales to external customers	17,157	10,683	3,506	3,472	434	236	21,097	14,391
Intersegment sales	36	30	–	–	–	–	36	30
Total segment revenue	17,193	10,713	3,506	3,472	434	236	21,133	14,421
Reconciliation:								
Elimination of intersegment sales							(36)	(30)
							21,097	14,391
Segment results	(5,784)	(9,501)	(333)	(463)	(111)	(166)	(6,228)	(10,130)
Other gains, net							1	6
Corporate and other unallocated expenses							(806)	(805)
Finance income							–	1
Finance costs							(2,710)	(2,288)
Loss before tax							(9,743)	(13,216)
Income tax credit							–	–
Loss for the period							(9,743)	(13,216)
Other segment information:								
Depreciation of property, plant and equipment:								
Segment assets	5,287	5,084	254	255	31	21	5,572	5,360
Unallocated assets							–	1
							5,572	5,361
Depreciation of investment properties	7	10	–	–	–	–	7	10
Amortization of intangible assets	8	9	–	–	–	–	8	9
Provision for obsolete inventories	12	–	–	–	–	–	12	–
Write-off of property, plant and equipment	4	–	–	–	–	–	4	–
Capital expenditure*:								
Segment assets	1,087	6,234	402	83	–	1	1,489	6,318
Unallocated assets							–	–
							1,489	6,318

* Capital expenditure consists of addition of property, plant and equipment, investment properties and intangible assets except right-of-use assets.

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION *(Continued)*

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Hotels and resorts operations	17,077	10,624
Luxury retail, souvenir and convenience stores operations	3,876	3,694
Excursion tour services	64	14
	21,017	14,332
<i>Revenue from other sources</i>		
Rental income	80	59
	21,097	14,391

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION *(Continued)*

(a) Disaggregated revenue information

For the six months ended June 30, 2024

Segments	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Types of goods or services				
<i>Revenue from contracts with customers</i>				
– Room charge	12,430	–	–	12,430
– Food and beverage	4,214	–	–	4,214
– Sale of luxury and leisure clothing and accessories	–	3,506	–	3,506
– Sale of souvenirs and others	–	–	370	370
– Operating excursion tour and rendering of land arrangement services	–	–	64	64
– Other hospitality (Note (i))	433	–	–	433
Total revenue from contracts with customers	17,077	3,506	434	21,017
<i>Revenue from other sources</i>				
– Rental income (Note (ii))	80	–	–	80
Total revenue	17,157	3,506	434	21,097

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION (Continued)

(a) Disaggregated revenue information (Continued)

For the six months ended June 30, 2024 (Continued)

Segments	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Geographical markets				
<i>Revenue from contracts with customers</i>				
– Saipan	7,119	870	346	8,335
– Guam	9,958	1,700	88	11,746
– Hawaii	–	936	–	936
Total revenue from contracts with customers	17,077	3,506	434	21,017
<i>Revenue from other sources</i>				
– Rental income (Note (ii))	80	–	–	80
Total revenue	17,157	3,506	434	21,097
Timing of revenue recognition				
<i>Revenue from contracts with customers</i>				
– Goods transferred at a point in time	4,647	3,506	295	8,448
– Services transferred over time	12,430	–	139	12,569
Total revenue from contracts with customers	17,077	3,506	434	21,017
<i>Revenue from other sources</i>				
– Rental income (Note (ii))	80	–	–	80
Total revenue	17,157	3,506	434	21,097

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION (Continued)

(a) Disaggregated revenue information (Continued)

For the six months ended June 30, 2023

Segments	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
----------	---	---	---	----------------------------------

Types of goods or services

Revenue from contracts with customers

– Room charge	6,929	–	–	6,929
– Food and beverage	3,523	–	–	3,523
– Sale of luxury and leisure clothing and accessories	–	3,472	–	3,472
– Sale of souvenirs and others	–	–	222	222
– Operating excursion tour and rendering of land arrangement services	–	–	14	14
– Other hospitality (Note (i))	172	–	–	172

Total revenue from contracts with customers

10,624	3,472	236	14,332
--------	-------	-----	--------

Revenue from other sources

– Rental income (Note (ii))	59	–	–	59
-----------------------------	----	---	---	----

Total revenue

10,683	3,472	236	14,391
--------	-------	-----	--------

Geographical markets

Revenue from contracts with customers

– Saipan	3,521	542	236	4,299
– Guam	7,103	2,110	–	9,213
– Hawaii	–	820	–	820

Total revenue from contracts with customers

10,624	3,472	236	14,332
--------	-------	-----	--------

Revenue from other sources

– Rental income (Note (ii))	59	–	–	59
-----------------------------	----	---	---	----

Total revenue

10,683	3,472	236	14,391
--------	-------	-----	--------

Notes to the Condensed Consolidated Interim Financial Information

3 SEGMENT AND REVENUE INFORMATION *(Continued)*

(a) Disaggregated revenue information *(Continued)*

For the six months ended June 30, 2023 *(Continued)*

Segments	Hotels and resorts US\$'000 (Unaudited)	Luxury travel retail US\$'000 (Unaudited)	Destination services US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
----------	---	---	---	----------------------------------

Timing of revenue recognition

Revenue from contracts with customers

– Goods transferred at a point in time	3,695	3,472	222	7,389
– Services transferred over time	6,929	–	14	6,943

Total revenue from contracts with customers

10,624	3,472	236	14,332
--------	-------	-----	--------

Revenue from other sources

– Rental income (Note (ii))	59	–	–	59
-----------------------------	----	---	---	----

Total revenue

10,683	3,472	236	14,391
--------	-------	-----	--------

Notes:

- (i) Other hospitality mainly represents late check-out charges, cancellation charges, laundry income, sales of items from mini bar, smoking fee and extra bed charges.
- (ii) Rental income mainly represents income derived from lease of hotel space to third-party operating services and facilities.
- (iii) No revenue recognized during the period ended June 30, 2024 related to performance obligations satisfied or partially satisfied in previous periods (six months ended June 30, 2023: Nil).

Notes to the Condensed Consolidated Interim Financial Information

4 OTHER GAINS, NET

	For the six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Net exchange gains	1	2
Gains on disposal of low-value assets	—	4
	1	6

5 FINANCE COSTS, NET

	For the six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Finance income:		
— Interest income from bank deposits	—	1
Finance costs:		
— Interest expense on lease liabilities	(414)	(438)
— Interest expenses on bank borrowings	(1,852)	(1,712)
— Interest expenses on other borrowings	(444)	(138)
	(2,710)	(2,288)
Finance costs, net	(2,710)	(2,287)

Notes to the Condensed Consolidated Interim Financial Information

6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		For the six months ended June 30,	
		2024	2023
		US\$'000	US\$'000
		(Unaudited)	(Unaudited)
		2,053	1,929
		1,269	1,213
		7,293	7,574
		21	26
		7,314	7,600
		482	431
	10	5,572	5,361
	10	4	—
	11	7	10
	12	8	9
	13	12	—

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to the Condensed Consolidated Interim Financial Information

7 INCOME TAX CREDIT

No provision for Hong Kong, the Commonwealth of the Northern Mariana Islands (the “**CNMI**”), Guam and Hawaii profits tax has been made for the six months ended June 30, 2024 and 2023 as the Group did not generate any assessable profits arising in Hong Kong, the CNMI, Guam and Hawaii during these periods.

The Group’s subsidiaries incorporated in the CNMI, Guam and Hawaii were subject to corporate income tax rate of 21%.

The CNMI imposes progressive (1.5% to 5%) business gross receipt tax payments (“**BGRT**”). Companies incorporated and operating in the CNMI are entitled to use BGRT as tax credits in deriving the corporate income tax during the six months ended June 30, 2024 and 2023.

8 LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to shareholders of the Company of US\$9,667,000 (six months ended June 30, 2023: US\$13,112,000), and the weighted average number of ordinary shares of 360,000,000 (six months ended June 30, 2023: 360,000,000) in issue during the reporting period.

No adjustment has been made to the basic loss per share amount presented for each of the periods ended June 30, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of the periods ended June 30, 2024 and 2023.

Notes to the Condensed Consolidated Interim Financial Information

9 DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets US\$'000	Buildings US\$'000	Renovation and leasehold improvements US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles US\$'000	Construction in progress US\$'000	Total US\$'000
June 30, 2024 (Unaudited)								
At January 1, 2024:								
Cost	24,743	48,680	77,310	21,145	21,661	961	3,057	197,557
Accumulated depreciation and impairment	(9,030)	(31,120)	(12,055)	(7,406)	(6,981)	(923)	–	(67,515)
Net carrying amount	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
Net carrying amount:								
At January 1, 2024	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
Additions	–	–	848	428	213	–	–	1,489
Transfer from construction in progress	–	–	78	–	–	–	(78)	–
Reclassification	–	–	–	–	–	–	(105)	(105)
Write-off	–	–	–	–	–	–	(4)	(4)
Depreciation provided during the period	(559)	(461)	(1,813)	(799)	(1,912)	(8)	–	(5,572)
At June 30, 2024	15,154	17,079	64,368	13,368	12,961	30	2,870	125,850
At June 30, 2024:								
Cost	24,743	48,680	78,236	21,573	21,674	961	2,870	196,937
Accumulated depreciation and impairment	(9,589)	(31,601)	(13,868)	(8,205)	(8,893)	(931)	–	(73,087)
Net carrying amount	15,154	17,079	64,368	13,368	12,961	30	2,870	125,850

Notes to the Condensed Consolidated Interim Financial Information

10 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Right-of-use assets US\$'000	Buildings US\$'000	Renovation and leasehold improvements US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles US\$'000	Construction in progress US\$'000	Total US\$'000
June 30, 2023 (Unaudited)								
At January 1, 2023:								
Cost	24,814	45,548	69,282	20,539	21,146	961	3,094	185,384
Accumulated depreciation and impairment	(7,867)	(28,676)	(8,722)	(5,836)	(3,213)	(906)	–	(55,220)
Net carrying amount	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Net carrying amount:								
At January 1, 2023	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Additions	–	–	1,728	57	129	–	4,404	6,318
Transfer from investment properties	–	1,666	–	–	–	–	–	1,666
Depreciation provided during the period	(599)	(500)	(1,611)	(779)	(1,864)	(8)	–	(5,361)
At June 30, 2023	16,348	18,038	60,677	13,981	16,198	47	7,498	132,787
At June 30, 2023:								
Cost	24,814	48,680	71,010	20,596	21,275	961	7,498	194,834
Accumulated depreciation and impairment	(8,466)	(30,642)	(10,333)	(6,615)	(5,077)	(914)	–	(62,047)
Net carrying amount	16,348	18,038	60,677	13,981	16,198	47	7,498	132,787

As at June 30, 2024, certain hotel assets of the Group of US\$106,028,000 (December 31, 2023: US\$109,551,000) have been pledged as security for the banking facilities as disclosed in note 18 to the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES

	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
At January 1:		
Cost	817	3,949
Accumulated depreciation	(464)	(1,912)
Net carrying amount	353	2,037
Net carrying amount:		
At January 1	353	2,037
Transfer to property, plant and equipment	—	(1,666)
Depreciation provided during the period	(7)	(10)
At June 30	346	361
At June 30:		
Cost	817	817
Accumulated depreciation	(471)	(456)
Net carrying amount	346	361

As at June 30, 2024, certain investment properties of the Group of US\$346,000 (December 31, 2023: US\$353,000), have been pledged as security for the banking facilities as disclosed in note 18 to the condensed consolidated interim financial information.

As at June 30, 2023, certain retail shop area within the hotel premises of the Group of approximately US\$1,666,000, have been used by the Group on its own and did not use for leasing purpose. Such area has been transferred to property, plant and equipment during the last reporting period.

Notes to the Condensed Consolidated Interim Financial Information

12 INTANGIBLE ASSETS

	Computer software	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
At January 1:		
Cost	830	827
Accumulated amortization	(784)	(766)
Net carrying amount	46	61
Net carrying amount:		
At January 1	46	61
Amortization provided during the period	(8)	(9)
At June 30	38	52
At June 30:		
Cost	830	827
Accumulated amortization	(792)	(775)
Net carrying amount	38	52

Notes to the Condensed Consolidated Interim Financial Information

13 INVENTORIES

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Merchandises	3,604	3,131
Food and beverage	81	—
Others	75	—
	3,760	3,131

During the six months ended June 30, 2024, the Group has made a provision of approximately US\$12,000 (six months ended June 30, 2023: Nil) for slow moving inventories which was included in other operating costs.

14 TRADE RECEIVABLES

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Trade receivables (Note)	4,733	6,290
Impairment	(711)	(711)
	4,022	5,579

Notes to the Condensed Consolidated Interim Financial Information

14 TRADE RECEIVABLES (Continued)

Note:

The Group's sale to tour operators on a wholesale basis, traditional travel agents and several corporate customers are mainly on credit and the credit term is generally 30 days from the invoice date. As at June 30, 2024 and December 31, 2023, the aging analysis of the trade receivables based on invoice date and net of loss allowance, were as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Within 30 days	701	342
31 to 60 days	16	33
61 to 90 days	5	72
Over 90 days	3,300	5,132
	4,022	5,579

The maximum exposure to credit risk at the reporting date was the carrying value mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade receivables approximate their fair values and are denominated in US\$.

Notes to the Condensed Consolidated Interim Financial Information

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Deposits	837	840
Prepayments	2,777	3,350
Other receivables	439	295
	4,053	4,485
Portion classified as current assets	(3,071)	(3,354)
Non-current portion	982	1,131

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

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and are denominated in the following currencies:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
US\$	4,024	4,451
HK\$	29	34
	4,053	4,485

Notes to the Condensed Consolidated Interim Financial Information

16 ISSUED SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares of HK\$0.01 each, issued and fully paid:

	Number of shares	Nominal value of ordinary shares US\$'000	Share premium US\$'000
December 31, 2023 (Audited) and June 30, 2024 (Unaudited)	360,000,000	461	38,122

17 TRADE AND OTHER PAYABLES

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Trade payables		
— to third parties (Note (i))	3,544	2,811
— to related parties (Note (ii))	803	572
Total trade payables	4,347	3,383
Accruals and other payables		
— Accrued staff salaries	775	553
— Other taxes payable	1,205	1,432
— Other accruals and payables	6,721	6,612
— Payables for purchase of property, plant and equipment	2,132	2,132
	10,833	10,729
	15,180	14,112

Notes to the Condensed Consolidated Interim Financial Information

17 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (i) Trade payables to third parties

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

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Within 30 days	1,595	1,536
31 to 60 days	505	495
61 to 90 days	930	305
Over 90 days	514	475
	3,544	2,811

- (ii) Trade payables to related parties

As at June 30, 2024 and December 31, 2023, the amounts due to related parties are unsecured, interest-free and with credit term of 30 days.

The aging analysis of trade payables to related parties based on invoice date is as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Within 30 days	201	114
31 to 60 days	47	56
61 to 90 days	120	59
Over 90 days	435	343
	803	572

Notes to the Condensed Consolidated Interim Financial Information

17 TRADE AND OTHER PAYABLES *(Continued)*

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
US\$	15,052	13,795
HK\$	128	317
	15,180	14,112

18 BANK BORROWINGS

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Current		
Short-term bank borrowing, unsecured	5,000	5,000
Term loans, secured		
— due for repayment within 1 year which contain a repayment on demand clause	4,158	3,133
— due for repayment after 1 year which contain a repayment on demand clause	37,350	39,500
	46,508	47,633

As at June 30, 2024, the Group did not comply with a financial covenant of bank loans with an aggregate principal amount of US\$48,000,000 (December 31, 2023: US\$48,000,000). In addition, these bank loans contain a repayment-on-demand clause, hence these bank loans were classified as current liabilities. Consent waiver of non-compliance with financial covenant has been received by the Group subsequent to the reporting period.

Notes to the Condensed Consolidated Interim Financial Information

18 BANK BORROWINGS *(Continued)*

The expected payment dates of the Group's bank borrowings that are repayable on demand with reference to schedules of repayments set out in the loan agreements are as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Within 1 year	4,158	3,133
After 1 year but within 2 years	4,300	4,300
After 2 years but within 5 years	33,050	35,200
	41,508	42,633

The effective interest rate of the bank borrowings was 8.00% per annum for the six months ended June 30, 2024 (December 31, 2023: 7.61%).

The carrying amount of the Group's bank borrowings approximate their fair value and are denominated in US\$.

The Group's banking facility is secured and guaranteed by (i) certain property, plant and equipment and investment properties owned by the Group with carrying amounts of US\$106,028,000 (December 31, 2023: US\$109,551,000) and US\$346,000 (December 31, 2023: US\$353,000), respectively, and (ii) corporate guarantee provided by the Company and its subsidiaries.

Notes to the Condensed Consolidated Interim Financial Information

19 OTHER BORROWINGS

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Non-current		
Shareholder's loan	17,000	20,500
Current		
Shareholder's loan	13,500	5,500
Accrued interests	880	436
	14,380	5,936
	31,380	26,436

The expected repayment dates of the Group's other borrowings are as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Within 1 year	14,380	5,936
After 1 year but within 2 years	17,000	20,500
	31,380	26,436

On August 30, 2022, the Group entered into a loan agreement with Tan Holdings for loan facility of US\$5,000,000. The loan is unsecured, interest-bearing at 2% per annum and repayable in 1 year from the date of the loan agreement. On June 30, 2023, the Group has obtained an extension of loan repayment date to August 30, 2025 from Tan Holdings.

Notes to the Condensed Consolidated Interim Financial Information

19 OTHER BORROWINGS *(Continued)*

On December 16, 2022 and February 28, 2023, the Group entered into two separate loan agreements with Tan Holdings for loan facilities of US\$8,000,000 each. These loans are unsecured, interest-bearing at 2% per annum and repayable in 2 years from the respective loan agreement dates.

On August 1, 2023, the Group entered into the fourth loan agreements with Tan Holdings for loan facility of US\$7,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan agreement.

On February 29, 2024, the Group entered into the fifth loan agreement with Tan Holdings for loan facility of US\$4,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan agreement.

As at June 30, 2024, an amount of US\$30,500,000 had been drawn down by the Company. Out of this amount, US\$17,000,000 (December 31, 2023: US\$20,500,000) was classified as a non-current liability, while US\$13,500,000 (December 31, 2023: US\$5,500,000) was classified as current liability.

20 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of each reporting period but not recognized as liabilities is as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Property, plant and equipment	1,986	—

Notes to the Condensed Consolidated Interim Financial Information

21 RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties:

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial information, during the six months ended June 30, 2024 and 2023, the following significant transactions were carried out with related parties:

Company name	Nature of transactions	For the six months ended June 30,	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
<i>Companies controlled by the Controlling Shareholder:</i>			
Quanzhou Century Tour Investment Co., Ltd. and its subsidiaries*	Hotel service income	1,397	36
CTSI Holdings Limited and its subsidiaries*	Freight forwarding and logistics expenses	173	140
Cosmos Distributing Co. Ltd.*	Purchase of merchandises	44	27
TakeCare Insurance Company Inc.*	Insurance expense	546	504
Luen Thai International Development Limited*	Rental expenses and expenses charged	32	31
Tan Holdings	Interest expense	444	138
<i>Fellow subsidiaries:</i>			
L&T Group of Companies Ltd.	Shared-services expenses	204	98
	Staff costs charges	59	42
	Hotel service income	67	162
D&Q Co. Ltd.*	Purchase of merchandises	36	16
Beach Road Tourism Development, Inc.*	Rental expenses and expenses charged	118	95
L&T Group of Companies Ltd.*	Rental expenses and expenses charged	29	28

* All transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

Notes to the Condensed Consolidated Interim Financial Information

21 RELATED PARTY TRANSACTIONS *(Continued)*

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

Outstanding balances and other transactions with related parties:

- (i) Details of the trade payables balances with related parties at the end of the reporting period are disclosed in note 17(ii) to the condensed consolidated interim financial information.
- (ii) Details of the amounts due from/to related parties (other than the loans from Tan Holdings) at the end of the reporting period are as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Due from fellow subsidiaries	8	9
Due from companies controlled by the Controlling Shareholder	5	13
Due from companies controlled by close family of the Controlling Shareholder	421	83
Total amounts due from related parties	434	105
Due to fellow subsidiaries	10	422
Due to companies controlled by the Controlling Shareholder	240	36
Total amounts due to related parties	250	458

As at June 30, 2024 and December 31, 2023, the above balances with related parties were unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Interim Financial Information

21 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

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

	For the six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Wage, salaries, bonuses and other allowances and benefits in kind	516	562
Pension costs — defined contribution plan	1	6
	517	568

Management Discussion and Analysis

The board of directors (the “**Board**”) of S.A.I. Leisure Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2024 (the “**Reporting Period**”). The relevant financial figures for the corresponding period in 2023 or other dates/periods are also set out in this report for comparative purposes.

I. BUSINESS OVERVIEW

At the start of 2024, the recovery of international tourism is at pace and industry experts are expecting the global tourism industry to return to pre-pandemic levels with little growth by the end of 2024.

During the first half of 2024, the tourism industry in Guam and Saipan continues to recover. For the first six months of 2024, Guam recorded over 386,000 visitor arrivals, which is an increase of approximately 30.7% when compared to the same period last year, and represents approximately 48.5% of the number of visitor arrivals during the same period in 2019 (pre-pandemic). On the other hand, for the first five months of 2024, Saipan recorded approximately 105,000 visitor arrivals, which is an increase of approximately 49.6% when compared to the same period last year, and represents approximately 51.5% of the number of visitor arrivals during the same period in 2019 (pre-pandemic).

Same as year 2023, South Korea remains the top tourist origin market of both Guam (53.1% of total visitor arrivals in the first six months of 2024) and the Commonwealth of the Northern Mariana Islands (the “**CNMI**”) (72.1% of total visitor arrivals in the first five months of 2024). As for Japan, one of the key tourist origin markets of Guam, tourists recovery remains sluggish due to inflations, weakened currency and stagnant economy. Nevertheless, for the first six months of 2024, Guam recorded approximately 96,800 visitors from Japan (25.0% of total visitor arrivals), representing an increase of approximately 150.1% when compared to the same period last year. On the other hand, Saipan recorded approximately 8,203 visitors from Japan (7.8% of total visitor arrivals) for the first five months of 2024, which was 3.1 times the visitor arrivals from Japan for the same period last year.

Management Discussion and Analysis

On April 28, 2024, Hong Kong Airlines resumed direct flight service from Hong Kong to Saipan, which marked an expansion of connectivity between different cities in China and the CNMI. Prior to the resumption of the direct flights, Chinese tourists traveled to Saipan via Japan or South Korea and thus the number of tourist arrivals from China was limited. With the resumption of the direct flight service, the number of visitors arrived from China gradually increased and for the first five months of 2024, 7,310 visitors arrived from China (including Hong Kong) to Saipan, which was approximately 10 times the visitor arrivals from the same region for the same period last year.

During the Reporting Period, Kanoa Resort remained closed, and the Group is in the process of planning the renovation and rebranding of Kanoa Resort in view of the recovery of tourism in Saipan. Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Century Hotel continued to be open for business throughout the Reporting Period. All luxury travel retail boutiques in Guam, Hawaii and Saipan as well as certain of the Group's existing and new excursion tours continued to be open for business during the first half of 2024.

Revenue and Operating Loss

For the Reporting Period, the Group recorded a revenue of approximately US\$21,097,000, representing an increase of US\$6,706,000 or 46.6% from approximately US\$14,391,000 in the preceding year. The total revenue from our Guam businesses increased by 27.7% whilst that from our Saipan businesses increased by 93.2% when compared to the preceding year. The substantial increase in revenue was mainly due to the increase in occupancy rates of the Group's hotels and resorts, in particular, Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, in view of the continuous recovery of the tourism markets in both Guam and Saipan after the COVID-19 pandemic. Especially for Saipan, the efforts of the Marianas Visitors Authority (the "MVA") to reaffirm ties and collaboration with key tourism partners in South Korea, including but not limited to travel agencies, airlines and government departments as well as participating in different marketing campaigns held in South Korea in promoting Saipan as a travel destination, have intensified the continuous recovery of the South Korea market. Furthermore, the resumption of direct flight services during the Reporting Period from Hong Kong to Saipan also fetched an increasing number of visitors from the mainland China to Saipan.

Management Discussion and Analysis

For the first six months ended June 30, 2024, the operating loss of the Group was approximately US\$7,033,000, representing a decrease in loss of US\$3,896,000 when compared with the operating loss of approximately US\$10,929,000 in the corresponding period in 2023. Apart from the increase in revenue during the Reporting Period, improved operation efficiency and effective cost-saving measures have also contributed to the reduction in loss. In particular, there has been a decrease in staff costs of approximately US\$286,000 for the six months ended June 30, 2024 as compared to the corresponding period in 2023. It is also noted that the said amount of operating loss has taken into account, amongst others, the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US\$5,587,000.

Performance of the Group's business is covered in more detail under the "Segmental Review" section below.

II. SEGMENTAL REVIEW

The Hotels & Resorts Segment, Luxury Travel Retail Segment and Destination Services Segment respectively accounted for approximately 81.3%, 16.6% and 2.1% of the Group's total revenue for the Reporting Period.

Hotels & Resorts Segment

During the Reporting Period, revenue generated from the Hotels & Resorts Segment was approximately US\$17,157,000, representing an increase of US\$6,474,000 or 60.6% when compared with the corresponding period in 2023. As mentioned above, the net increase in revenue was mainly due to the increase in occupancy rates of both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, which contributed an increase in revenue of approximately US\$2,880,000 and approximately US\$3,528,000, respectively. The two Crowne Plaza resorts continue their efforts in competing for their share of the recovering tourism markets in Guam and Saipan throughout the Reporting Period. On the other hand, no revenue was generated by Kanoa Resort (to be renovated and rebranded as "voco Resort Saipan") as it remained temporarily closed since July 2022 after completion of the emergency contract with the CNMI Homeland Security and Emergency Management during the COVID-19 pandemic.

Management Discussion and Analysis

For the six months ended June 30, 2024, the Hotels & Resorts Segment had a negative segmental margin of approximately US\$5,784,000. The said amount of negative segmental margin has taken into account, amongst others, the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US\$5,302,000. The management of the Group continued to improve the operation efficiency of both Crowne Plaza resorts and implemented effective cost-saving measures to improve the segmental margin and, in particular, staff costs were reduced by 3.6% when compared with the corresponding period in 2023.

Crowne Plaza Resort Guam

For the Reporting Period, revenue from Crowne Plaza Resort Guam increased by US\$2,880,000, representing an increase of 40.4% as compared to the preceding year and an increase of 2.0% as compared to the revenue of Fiesta Resort Guam (now rebranded as Crowne Plaza Resort Guam) for the six months ended June 30, 2019 (pre-pandemic).

Back in May 2023, Typhoon Mawar lashed Guam for hours, damaging buildings, cutting electricity and access to water for most areas of Guam. Crowne Plaza Resort Guam managed to remain in operation after the typhoon hit. However, the seawall located at the property line was damaged and the re-construction and repair works of the seawall were approved to proceed only in the second quarter of 2024. During the Reporting Period, Crowne Plaza Resort Guam underwent the re-construction and repair works of the seawall, which adversely affected the hotel guests' overall experience and thus both the occupancy rates and the average room rates dropped substantially in April and May 2024. Having said that, Crowne Plaza Resort Guam managed to conclude the first half of 2024 with an increase of 46.5% in occupancy rates as well as an increase of 6.2% in average room rates when compared with the corresponding period in 2023.

The Group benefits from the use of the InterContinental Hotels Group's booking engines and enjoys the InterContinental Hotels Group's marketing and operational support. During the Reporting Period, with the support from U.S. market and the continuous recovery of tourist arrivals from South Korea and Japan, Crowne Plaza Resort Guam was able to achieve a positive gross operating profit. Besides, perpetual improvement in operation efficiency as well as optimization of our sales channels and business mix helped increase our average room rates, enhance customers' loyalty and reduce our reliance on wholesales agents.

Management Discussion and Analysis

Crowne Plaza Resort Saipan

For the Reporting Period, revenue from Crowne Plaza Resort Saipan increased by US\$3,528,000, or 103.1% as compared to the same period in the preceding year, and represented approximately 45.2% of the revenue of Fiesta Resort Saipan (now rebranded as Crowne Plaza Resort Saipan) for the six months ended June 30, 2019 (pre-pandemic).

The Group benefits from the efforts of the MVA to reaffirm ties and collaboration with key tourism partners in South Korea, including but not limited to travel agencies, airlines and government departments as well as participating in different marketing campaigns held in South Korea in promoting Saipan as a travel destination. Such efforts have intensified the continuous recovery of the South Korea market. Furthermore, the resumption of direct flight services during the Reporting Period from Hong Kong to Saipan also fetched an increased number of visitors from the mainland China to Saipan. Crowne Plaza Resort Saipan managed to conclude the first half of 2024 with an increase of 146.7% in occupancy rates when compared with the corresponding period in 2023 and it was able to achieve a positive gross operating profit for the Reporting Period.

Kanoa Resort

In July 2022, Kanoa Resort completed the emergency contract with the CNMI Homeland Security and Emergency Management and remained closed since then. On December 29, 2020, the Group had entered into the hotel management agreement with IHC Hotel Limited (the “**Hotel Manager**”), pursuant to which Kanoa Resort will be rebranded as “voco Resort Saipan” after the completion of the renovation and rebranding works contemplated under the hotel management agreement. The Group is in the process of planning the renovation and rebranding of the hotel in view of the recovery of tourism in Saipan.

Luxury Travel Retail Segment

For the Reporting Period, revenue from the Luxury Travel Retail Segment was US\$3,506,000, representing an increase of US\$34,000 or 1.0% as compared to the same period in the preceding year. Despite the fact that visitor arrivals from South Korea, Japan and China (including Hong Kong) gradually recovered, it is noted that the purchasing power of the visitors was reduced due to weakened currencies.

Management Discussion and Analysis

During the Reporting Period, the franchise agreement between the Group and one of the brands expired on January 31, 2024. By mutual agreement, the term of the franchise agreement was further extended for one month and finally completed on February 29, 2024. As of the date of this report, the Group carries a total of seven renowned brands and operates a total of twelve boutiques in Guam, Saipan and Hawaii.

For the six months ended June 30, 2024, the Luxury Travel Retail Segment almost achieved breakeven. In order to alleviate the negative financial impact on the segmental results, the management of the Group continued to implement effective cost-saving measures and cautiously reviewed and eliminated loss-making brands. Besides, certain boutiques in Guam were relocated to stronger retail spaces and the management of the Group is cautiously optimistic that the segmental profitability will be improved going forward. Depreciation and amortization expenses (non-cash items) recognized during the Reporting Period under the Luxury Travel Retail Segment was approximately US\$254,000.

Destination Services Segment

For the Reporting Period, revenue from the Destination Services Segment was US\$434,000, representing an increase of US\$198,000 or 83.9% as compared to the corresponding period of the preceding year. The increase in revenue was mainly contributed by (1) the increase in revenue from the operation of the two convenience stores located within the hotel premises of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, respectively, in light of the increase in occupancy rates; and (2) the substantial increase in revenue from the existing and new excursion activities operated by the Group in view of the recovery of tourism in Saipan.

For the six months ended June 30, 2024, the segmental loss of the Destination Services Segment was US\$111,000, which was similar to the preceding year. The management of the Group is cautiously optimistic that the performance of the Destination Services Segment would be improved upon the increase in the volume of transactions as a result of the progressive recovery of the tourist markets in Guam and Saipan. Depreciation and amortization expenses (non-cash items) recognized during the Reporting Period under the Destination Services Segment was approximately US\$31,000.

Management Discussion and Analysis

III. MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures.

The Group had no significant investments held during the Reporting Period.

IV. SUBSEQUENT EVENTS

Subsequent to the Reporting Period, the Group continues its efforts to expand its share of the recovering tourism markets in Guam and Saipan and collaborate with the MVA to promote Saipan as a travel destination in South Korea, Hong Kong, mainland China and other potential tourist origin markets. In July 2024, the MVA has further launched a new campaign in Japan, namely “Marianas Blues”, which targets to bring the Marianas closer to younger travelers.

Furthermore, the management of the Group and the Hotel Manager continue to endeavor to improve the operational efficiency of both Crowne Plaza resorts and implement effective cost-saving measures to improve the segmental margin. Efforts were also made to further promote the food and beverage (“F&B”) business of Crowne Plaza Resort Guam. Century Hotel remains open for business and Kanoa Resort remains closed while the Group continues to plan for the renovation and rebranding works.

All luxury travel retail boutiques in Guam, Saipan and Hawaii remain in operation under normal business hours on a daily basis. The convenience stores located within the hotel premises of the Crowne Plaza resorts and the Group’s excursion tours under the Destination Services Segment continue to operate in the second half of 2024.

In August 2024, the Group has received a written commitment from Tan Holdings for a standby shareholder loan facility of US\$7,000,000.

V. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

With the continuous resumption of most of the Group’s business operations in the first half of 2024, the financial position of the Group remained healthy. The Group generally finances its operations with internally generated cash flows, shareholder’s loans and external financing. As at June 30, 2024, the total amount of cash and bank deposits of the Group was approximately US\$4,077,000, which is comparable to that as at December 31, 2023.

For the six months ended June 30, 2024, the Group continues to use internally generated cash flows, proceeds from the Group’s listing on the Main Board of the Stock Exchange (the “**Listing**”) and shareholder’s loan to finance the upgrade works carried out to Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan. During the Reporting Period, the total capital expenditure was approximately US\$1,489,000.

Management Discussion and Analysis

As at June 30, 2024, the Group had an interest-bearing term loan of US\$41,508,000 (As at December 31, 2023: US\$42,633,000) and a revolving loan of US\$5,000,000 (As at December 31, 2023: US\$5,000,000). The relevant banking facilities were fully drawn down as at June 30, 2024. Based on the scheduled repayments set out in the relevant banking facility letter, the maturity profile of the term loan is spread over a period of five years, with approximately US\$1,492,000 repaid as at June 30, 2024, approximately US\$4,158,000 repayable in the second year, approximately US\$4,300,000 repayable in the third year, approximately US\$26,609,000 repayable in the fourth year, and approximately US\$6,441,000 repayable within the fifth year.

On August 30, 2022, the Group entered into a loan agreement with Tan Holdings Corporation ("**Tan Holdings**") for a loan facility of US\$5,000,000. The loan is unsecured, interest-bearing at 2% per annum and repayable in 1 year from the date of the loan agreement. As at June 30, 2024, the full amount of the loan facility had been drawn down by the Company and on June 30, 2023, Tan Holdings has confirmed to grant an extension of 2 years to the repayment term of this loan facility. On December 16, 2022, the Group entered into a second loan agreement with Tan Holdings for a loan facility of US\$8,000,000. The loan is unsecured, interest-bearing at 2% per annum and repayable in 2 years from the date of the loan agreement. As at June 30, 2024, the full amount of this loan facility had been drawn down by the Company. On February 28, 2023, the Group entered into a third loan agreement with Tan Holdings for a loan facility of US\$8,000,000. The loan is unsecured, interest-bearing at 2% per annum and repayable in 2 years from the date of the loan agreement. As at June 30, 2024, the full amount of this loan facility had been drawn down by the Company. On August 1, 2023, the Group entered into a fourth loan agreement with Tan Holdings for a loan facility of US\$7,000,000. The loan is unsecured, interest-bearing at 5% per annum and repayable in 2 years from the date of the loan agreement. As at June 30, 2024, the full amount of the loan facility had been drawn down by the Company. Further on February 29, 2024, the Group entered into a fifth loan agreement with Tan Holdings for a loan facility of US\$4,000,000. The loan is unsecured, interest-bearing at 5% per annum and repayable in 2 years from the date of the loan agreement. As at June 30, 2024, an amount of US\$2,500,000 had been drawn down by the Company.

Subsequent to the Reporting Period, the Group has received a written commitment from Tan Holdings for a standby shareholder loan facility of US\$7,000,000.

The Directors are of the view that the Group has adequate liquidity to meet its expected working capital requirements and capital expenditure requirements in the coming twelve months from June 30, 2024.

Management Discussion and Analysis

The gearing ratio of the Group is calculated based on the total interest-bearing bank borrowings divided by total equity as at the end of respective periods and multiplied by 100%. As at June 30, 2024, the gearing ratio of the Group was 112.2% (2023: 93.0%).

The capital structure of the Group consists of debts which include bank borrowings, shareholder's loans, net of cash and cash equivalents and equity attributable to shareholders of the Company, which comprises issued share capital, share premium and various reserves as shown in the condensed consolidated statement of financial position. There has been no change in the share capital structure of the Company since the date of Listing.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximize the return to the Shareholders through the optimization of the debt and equity balance. The Directors review the capital structure regularly, taking into account the cost of capital and the risk associated with the capital.

VI. FOREIGN EXCHANGE RISK MANAGEMENT

The subsidiaries of the Group mainly operate in Saipan, Guam and Hawaii with most of the transactions settled in United States Dollars. Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As at June 30, 2024, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are primarily denominated in United States Dollars. Therefore, the Group's foreign exchange risk is insignificant.

VII. FUTURE PLANS AND MARKET PROSPECTS

Stepping into the second half of 2024, tourist arrivals in the CNMI continue to grow at pace. The MVA continues to take the lead in reaffirming ties and collaboration with key tourism partners in South Korea, intensifying the continuous recovery of the South Korea market. On the other hand, in order to recapture the Japanese market, MVA has recently launched the "Marianas Blues" campaign in July 2024, which targets to bring the Marianas closer to those younger Japanese travelers who are seeking serene destination over overcrowded tourist spots and those desiring more profound experiences rather than just sightseeing. The campaign has been featured on social media platforms and bus and train stations, and it targets millennials and Gen Z adventure seekers, cultural explorers and wellness enthusiasts. Furthermore, the resumption of direct flight services from Hong Kong to Saipan since April 2024 continues to drive the recovery of the China (including Hong Kong) market. The management of the Group continues to collaborate with influencers and travel agencies in promoting Saipan as a refreshing multi-island Marianas and enticing potential travelers, who are seeking a new vacation destination.

Management Discussion and Analysis

For Guam, despite the fact that the economy of Guam is mostly support by the U.S. market, the Guam Visitor Bureau (the “**GVB**”) also takes the lead in affirming ties and collaboration with key tourism partners in Japan, including but not limited to travel agents and airlines as well as participating in different marketing campaigns held in Japan. On the other hand, marketing campaigns are also featured on social media platforms to promote Guam as a travel destination in Japan, South Korea, Taiwan and the Philippines. With a stable supply of outbound seat capacity from different origins, the management of the Group is cautiously optimistic that tourist arrivals will grow continually in the second half of the year.

Hotels & Resorts Segment

As of the date of this report, the Hotel Manager of the two Crowne Plaza resorts continues its efforts to expand the hotels’ respective share of the recovering tourism markets in Guam and Saipan and improve operational efficiency. In addition, efforts are being made to further promote the F&B business of Crowne Plaza Resort Guam.

As announced on December 29, 2020, the Group has entered into the hotel management agreement with the Hotel Manager in respect of Kanoa Resort, which will be rebranded as “voco Resort Saipan” after the completion of renovation and rebranding works. As of the date of this report, Kanoa Resort remains closed. Due to the level of capital commitment required for carrying out the relevant works and in view of the pace of recovery of the Saipan tourism market, the management of the Group is taking a cautious approach, and the date of commencement of the renovation and rebranding work is yet to be confirmed.

The capital expenditure to be incurred in respect of the renovation and upgrade works of Kanoa Resort will be funded partly by the Group’s internal resources and partly by external financing.

With the InterContinental Hotels Group managing Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Kanoa Resort (after its rebranding as “voco Resort Saipan”), our management expects that this will create positive synergy among the three major hotels of the Group when the leisure travel market fully recovers.

Management Discussion and Analysis

Luxury Travel Retail Segment

For the second half of 2024, the Group will focus on completing the renovation and relocation of two boutiques in Guam to stronger retail spaces with the view of improving the segmental profitability. The relocation process of all Guam boutiques is expected to be completed by the end of 2024. The capital expenditure to be incurred in respect of the renovation of the new retail spaces will be funded partly by the landlord's sponsorship, partly by the brand owner's sponsorship and partly by the Group's internal resources. For Saipan and Hawaii, all the Group's luxury travel retail boutiques continue to operate under normal business hours on a daily basis.

Other plans and prospects

To maintain the Group's long-term growth and for the best interests of the Group and the shareholders of the Company as a whole, the Group's management continues to cautiously explore possible merger and acquisition opportunities.

VIII. CHARGE ON ASSETS

As at June 30, 2024 and December 31, 2023, the Group had aggregate banking facilities of US\$48,000,000 and US\$48,000,000, respectively, which were secured by certain buildings and investment properties owned by the Group, of which the aggregate banking facilities were fully utilized, respectively.

IX. CONTINGENT LIABILITIES

As at June 30, 2024, the Group did not have any material contingent liabilities.

Management Discussion and Analysis

X. EMPLOYEES AND EMOLUMENT POLICY

As at June 30, 2024, the Group had a total of 351 (as at June 30, 2023: 397) full-time employees, including 174 employed in Saipan, 164 employed in Guam, 8 employed in Hawaii and 5 employed in Hong Kong. During the Reporting Period, Crowne Plaza Resort Guam has reviewed the operation efficiency and reduced some headcount as of June 30, 2024. As a responsible employer, the Group continues to value its employees and continues to strive to provide an excellent working environment. The Group has complied with all relevant labor laws and regulations and has formulated a set of human resources policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal employment opportunity, diversity, anti-discrimination and other benefits and welfare. Remuneration is determined with reference to market terms and performance, qualification and experience of individual directors and employees. During the Reporting Period, the total staff costs (including directors' emoluments) amounted to US\$7,314,000 (for the six months ended June 30, 2023: US\$7,600,000). The Company has adopted the Post-IPO Share Option Scheme on April 9, 2019 for the purpose of providing incentives and rewards to eligible persons, including the employees of the Group, for their contribution to the Group. During the Reporting Period, no options were granted, exercised, cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at June 30, 2024.

Other Information

I. INTERIM DIVIDEND

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

II. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

III. DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES

As at June 30, 2024, the interests of the Directors and chief executives of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

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

* The percentage has been compiled based on the total number of shares of the Company (each a "Share") issued (i.e. 360,000,000) as of the date of this report.

Other Information

Notes:

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

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

Other Information

IV. SUBSTANTIAL SHAREHOLDERS

As at June 30, 2024, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than the interests disclosed in “III. Directors’ and Chief Executives’ Interests in Shares”, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

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

* The percentage has been compiled based on the total number of shares issued (i.e. 360,000,000) as of the date of this report.

Note:

- (a) THC Leisure Holdings Limited directly holds 270,000,000 Shares (representing 75% of our entire issued share capital). THC Leisure Holdings Limited is 100% directly owned by Tan Holdings Corporation. Leap Forward Limited holds 39% interest in Tan Holdings Corporation directly and Supreme Success Limited holds 100% interest in Leap Forward Limited.

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

V. UPDATE ON THE USE OF PROCEEDS

The net proceeds from the Company's Listing was US\$39,400,000 (equivalent to HK\$307,320,000, after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Listing). The Company has applied all the net proceeds from the Listing for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company published on April 30, 2019 and supplemented by the 2019 Annual Report, 2020 Annual Report, 2021 Annual Report, 2022 Annual Report, 2023 Interim Report and 2023 Annual Report published on April 17, 2020, April 16, 2021, April 23, 2022, April 17, 2023, September 8, 2023 and April 12, 2024, respectively.

During the Reporting Period, no change has been made to the allocation and timing for the use of proceeds from Listing and US\$188,000 of the net proceeds from the Listing had been utilized. As at June 30, 2024, the Group had fully utilized the net proceeds from the Listing.

VI. REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee of the Company consists of the Independent Non-Executive Directors, namely Mr. MA Andrew Chiu Cheung, Mr. CHAN Leung Choi Albert and Mr. WONG Chun Tat. Mr. MA Andrew Chiu Cheung is the Chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited condensed consolidated interim financial information for the Reporting Period with no disagreement.

Such unaudited condensed consolidated interim financial information has also been reviewed by the Company's auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA.

VII. CORPORATE GOVERNANCE PRACTICES

The Board has adopted the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules as its code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the Reporting Period.

Other Information

VIII. MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code as set out in Appendix C3 to the Listing Rules. After having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the Reporting Period.

IX. DISCLOSURE OF INFORMATION ON THE COMPANY AND THE STOCK EXCHANGE'S WEBSITE

This interim report will be published on the websites of the Company (www.saileisuregroup.com) and the Stock Exchange (www.hkexnews.hk) in accordance with Rule 13.48(1) of the Listing Rules.

By order of the Board

TAN Henry

*Vice Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, August 29, 2024