

IPO FACT SHEET
S.A.I Leisure Group Company Limited (1832)
ISSUE STATISTICS

Offer Size:	HK\$318.6m - HK\$403.2m
Placement Tranche:	90m
Price:	HK\$3.54-HK\$4.48
Board lot:	1,000
Entry fee:	HK\$4,525.14
Historical PE	13.8x-17.5x
Net tangible asset per share:	HK\$1.96-HK\$2.20
Market Cap (post-IPO):	HK\$1,274.4m-HK\$1,612.8m
Open:	30 Apr 2019
Close:	12.00 noon on 07 May 2019
Trading:	16 May 2019
Sponsor:	BOCOM International (Asia) Limited

Year ended 31 Dec	(US\$'000)	yoy % chg
Revenue		
FY2017	89,430	10.1%
FY2018	100,178	12.0%
Profit for the year		
FY2017	13,132	5.3%
FY2018	11,769	-10.4%

BACKGROUND

- The Group is one of the leading leisure tourism groups in the tropical islands of Saipan and Guam.
- With tourism revenue close to US\$2.5 billion in 2017, Saipan and Guam have each become a popular beach holiday destination for Asian Pacific travelers and benefit from tourism-driven government policies and gradual relaxation of visa and entry requirements.
- Between 2013 and 2017, tourist arrivals in Saipan and Guam grew on a CAGR basis at 10.8% and 3.9%, respectively
- In Saipan, their principal base of operations, the market size of the leisure tourism industry reached US\$581.5 million in 2017, of which they commanded a market share of 9.8% in terms of revenue.
- They have since grown from a single hotel in Saipan to a diversified and full-range leisure tourism business in Saipan, Guam and Hawaii that is segmented into Hotels & Resorts Sector, Luxury Travel Retail Sector and Destination Services Sector.

BUSINESS STRATEGY AND FUTURE PLANS

- Maintain and further the market leadership of their Hotels & Resorts Sector. Immediate plans include a US\$56.7 million asset rejuvenation plan to increase their average room rates and achieve stronger yield growth. Enhanced digital sales and marketing initiatives to engage a broader customer base and optimize their operating performance. In the long run, they will explore suitable opportunities to develop or acquire new hotels and resorts for a sustainable capacity growth.
- Expand their luxury travel retail offering with new boutiques and expanded brand collection.
- Adapt to market changes and lead the leisure tourism market in Saipan and Guam with innovation.

COMPETITIVE STRENGTHS

- Leading tourism operations with extensive footprints in the growing Saipan and Guam markets giving us strong financial and operating results.
- Unique, full-range and one-stop offering of tourism products and services catering to the end-to-end holiday experience of all walks of travelers.
- Complementary business sectors creating synergies from combined operations.

- Active management of multi-faceted booking channels translating into dynamic pricing and optimized operating performance.
- High-degree of flexibility and control through an attractive operating model of self-operation and management.
- Visionary and highly experienced management team with in-depth local knowledge and proven execution capabilities.

KEY RISKS

- Not being able to renew their Fiesta Resort Saipan and Kanoa Resort land leases, in which case they could lose a significant revenue source.
- Reliance on their reputation and awareness and sensitivity to reputational damage and adverse publicity.
- Reliance on a number of key sales agreements with tour operators.
- Growth of OTAs which enhances pricing visibility and intensifies competition.
- Their asset rejuvenation plan, which may affect their occupancy level and ARR during periods of renovation and may not be able to achieve the operating and financial benefits that they envisage.
- Their Luxury Travel Retail Sector is reliant upon their ability to maintain and renew their franchise and distribution agreements, leased premises and geographical exclusivity and to expand their brand and merchandise offering.
- Their Destination Services Sector operates adventure tourism which have the inherent risks of physical safety, property damage and financial loss.
- Their business is also heavily concentrated on, and closely associated with the economic and political conditions in, the CNMI and Guam, the legal system of which potential investors may not be familiar with.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to implement their asset rejuvenation plan on Fiesta Resort Saipan, Kanoa Resort and Fiesta Resort Guam.	232.4m	75.0%
Will be used as capital expenditure and operating costs to launch new travel retail boutiques and expand their brand and merchandise portfolio. They launched 1 new boutique in Saipan in April 2019 and have current plans to launch 1 new boutique in Guam in mid to late 2019 under a French luxury brand which they commenced business relationship with in December 2018.	15.5m	5.0%
Will be used to implement a new reservation system, purchase new data servers and launch a new online direct booking interface, which would strengthen their sales and pricing management capability through various online booking channels.	15.5m	5.0%
Will be used for their enhanced digital sales and marketing initiatives to strengthen their online presence among leisure traveler communities particularly in China and South Korea.	15.5m	5.0%
Will be used as working capital and for general corporate purpose.	31.0m	10.0%
Total:	\$309.9m	100.00%

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