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澳門博彩控股有限公司
SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

**REVISION OF ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTIONS IN RELATION TO**

**(1) LEASES OF PREMISES FROM
MS. LEONG AND/OR HER ASSOCIATES
FOR THE YEAR ENDING 31 DECEMBER 2024**

AND

**(2) PROVISION OF SERVICES AND LICENSING FOR USE OF SPACES IN
L'ARC HOTEL BY L'ARC ENTERTAINMENT TO SJM RESORTS FOR
THE OPERATION OF A CASINO
FOR THE YEAR ENDING 31 DECEMBER 2023**

**REVISION OF THE ANNUAL CAP FOR THE PREMISES LEASING CONTINUING
CONNECTED TRANSACTIONS FOR THE YEAR ENDING 31 DECEMBER 2024**

Reference is made to the announcement of the Company dated 3 March 2023 regarding the Premises Leasing Master Agreement entered into between the Company and Ms. Leong. On 3 March 2023, the Company and Ms. Leong entered into the Premises Leasing Master Agreement, pursuant to which Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Company agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

In view of the expected extension of the lease of Jai Alai building as explained below, the Company proposes to revise the existing Annual Cap for the Premises Leasing Continuing Connected Transactions for the year ending 31 December 2024.

REVISION OF THE ANNUAL CAP FOR THE L'ARC SERVICES CONTINUING CONNECTED TRANSACTIONS FOR THE YEAR ENDING 31 DECEMBER 2023

Reference is made to the announcement of the Company dated 28 February 2023 regarding the L'Arc Services Agreement entered into between SJM Resorts and L'Arc Entertainment. On 30 December 2022, SJM Resorts and L'Arc Entertainment entered into the L'Arc Services Agreement, pursuant to which L'Arc Entertainment agrees to provide the L'Arc Services to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L'Arc Hotel for the operation of a casino.

In view of the strong growth in the L'Arc Services fees for the period since the beginning of 2023 as explained below, the Company proposes to revise the existing Annual Cap for the L'Arc Services Continuing Connected Transactions for the year ending 31 December 2023.

LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. As at the date of this announcement, L'Arc Entertainment is indirectly and wholly owned by Ms. Leong. Accordingly, L'Arc Entertainment is a connected person of the Company under the Listing Rules by virtue of it being an associate of Ms. Leong.

Since the highest applicable percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Caps in respect of the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions constitutes continuing connected transactions for the Company and the Company is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) REVISION OF ANNUAL CAP FOR THE PREMISES LEASING CONTINUING CONNECTED TRANSACTIONS FOR THE YEAR ENDING 31 DECEMBER 2024

(i) Background

Reference is made to the announcement of the Company dated 3 March 2023 regarding the Premises Leasing Master Agreement entered into between the Company and Ms. Leong. On 3 March 2023, the Company and Ms. Leong entered into the Premises Leasing Master Agreement, pursuant to which Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Company agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

In view of the expected extension of the lease of Jai Alai building as explained below, the Company proposes to revise the existing Annual Cap for the Premises Leasing Continuing Connected Transactions for the year ending 31 December 2024.

(ii) Reasons for and details of revision of the Annual Cap for the year ending 31 December 2024

The following table sets out the existing and proposed Annual Cap for the rental and related payments made by the Group to Ms. Leong and/or her associates under the Premises Leasing Master Agreement to be recognised in the consolidated financial statements of the Group for the year ending 31 December 2024.

**The Annual Cap
for year ending
31 December 2024**

(HK\$ million)

The existing Annual Cap	3.0
The proposed Annual Cap	10.2

The existing Annual Cap for the year ending 31 December 2024 for the transactions under the Premises Leasing Master Agreement was determined by reference to: (i) the existing leases entered between the Group and Ms. Leong and/or her associates; (ii) the expected renewals of certain existing leases during the year ending 31 December 2023; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the application of Hong Kong Financial Reporting Standards 16 “Leases” for renewed leases; (v) the estimated premises related fees and charges payable to Ms. Leong and/or her associates; and (vi) a buffer for any unanticipated fluctuations in market rental (including property management fee, if applicable) and any unexpected fees and charges incidental to the transactions contemplated under the Premises Leasing Master Agreement as well as any additional leases to be entered during the two years ending 31 December 2024.

The principal property under the Premises Leasing Continuing Connected Transactions is Jai Alai building, the lease term of which commenced from 1 January 2023 and shall end on 31 December 2023. The Company recently agreed to extend the term of lease agreement in respect to the Jai Alai building for three months to 31 March 2024. As such, the Annual Cap for the year ending 31 December 2024 is proposed to increase by approximately HK\$7.2 million, which is equivalent to the existing rental amount of Jai Alai building for three months.

For the avoidance of doubt, the existing Annual Caps for the Premises Leasing Continuing Connected Transactions for the years ending 31 December 2023 and 2025 remain unchanged and will be reviewed by the management of the Group from time to time. If they are expected to be exceeded, the management of the Group will take appropriate measures in accordance with the relevant requirements of the Listing Rules.

(iii) Reasons for and benefits of entering into the Premises Leasing Continuing Connected Transactions

The Group's core business is the development and operation of casinos and related facilities in Macau. Ms. Leong and/or her associates currently own a number of properties (including, among others, the Jai Alai building, casino premises and offices in Macau) in which the Group operates. The Board (including the independent non-executive Directors but excluding Ms. Leong) considers that leases of premises under the Premises Leasing Master Agreement are a necessary component of the Group's ongoing business. The Board (including the independent non-executive Directors but excluding Ms. Leong) considers the Premises Leasing Continuing Connected Transactions have been and will be conducted in the ordinary and usual course of business of the Group. The Board (including the independent non-executive Directors but excluding Ms. Leong) considers that the Premises Leasing Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Premises Leasing Continuing Connected Transactions (including the Annual Cap) are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned.

(B) REVISION OF THE ANNUAL CAP FOR THE L'ARC SERVICES CONTINUING CONNECTED TRANSACTIONS FOR THE YEAR ENDING 31 DECEMBER 2023

(i) Background

Reference is made to the announcement of the Company dated 28 February 2023 regarding the L'Arc Services Agreement entered into between SJM Resorts and L'Arc Entertainment. On 30 December 2022, SJM Resorts and L'Arc Entertainment entered into the L'Arc Services Agreement, pursuant to which L'Arc Entertainment agrees to provide the L'Arc Services to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L'Arc Hotel for the operation of a casino.

In view of the strong growth in the L'Arc Services fees for the period since the beginning of 2023 as explained below, the Company proposes to revise the existing Annual Cap for the L'Arc Services Continuing Connected Transactions for the year ending 31 December 2023.

(ii) Reasons for and details of revision of the Annual Cap for the year ending 31 December 2023

The following table sets out the historical amount of the services fee paid to L’Arc Entertainment under the L’Arc Services Agreement recognised in the consolidated financial statements of the Group for the eight months ended 31 August 2023, and the existing and proposed Annual Cap for the transaction contemplated under the L’Arc Services Agreement for the year ending 31 December 2023 to be recognised in the consolidated financial statements of the Group.

<i>(HK\$ million)</i>	Aggregate amount for the eight months ended 31 August 2023 <i>(unaudited)</i>	The Annual Cap for year ending 31 December 2023
Actual	183.6	
The existing Annual Cap		253.1
The revised Annual Cap		510.0

The amount of services fee paid/payable to L’Arc Entertainment mainly represents the fee for the L’Arc Services provided by L’Arc Entertainment to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L’Arc Hotel for the operation of a casino, including mass gaming area, VIP room and slot machines. The Annual Cap represents the maximum amount payable by the Group to L’Arc Entertainment for the provision of the L’Arc Services.

The aggregate amount for services fee paid for the eight months ended 31 August 2023 was approximately HK\$183.6 million, representing approximately 72.5% of the existing Annual Cap. The actual amount for services fees had been increasing in 2023, from approximately HK\$12.4 million in January to approximately HK\$45.1 million in August 2023. Such increase was mainly attributable to the increase in the gross gaming revenue generated by the Casino L’Arc Macau, primarily due to (i) the recovery of Macau gaming industry in the post-COVID-19 period, which could be evidenced by the increase in gross gaming revenue in Macau from approximately MOP11.6 billion (equivalent to approximately HK\$11.3 billion) in January 2023 to approximately MOP17.2 billion (equivalent to approximately HK\$16.7 billion) in August 2023 according to the Gaming Inspection and Coordination Bureau of the government of Macau; and (ii) the increase in visitor arrivals, from approximately 1.4 million in January 2023 to approximately 3.2 million in August 2023 according to the Statistics and Census Service of the government of Macau.

In view of the strong growth in services fees as discussed above, the existing Annual Cap for the year ending 31 December 2023 is proposed to be revised with reference to the following factors: (i) actual gross gaming revenue of Casino L'Arc Macau; (ii) expected growth in gross gaming revenue and visitor arrivals in Macau in the remaining period of 2023, in particular the expected growth in National Day holiday and Christmas holiday; and (iii) the actual costs and expenses for provision of the L'Arc Services for 2023.

For the avoidance of doubt, the existing Annual Caps for the L'Arc Services Continuing Connected Transactions for the years ending 31 December 2024 and 2025 remain unchanged and will be reviewed by the management of the Group from time to time. If they are expected to be exceeded, the management of the Group will take appropriate measures in accordance with the relevant requirements of the Listing Rules.

(iii) Reasons for and benefits of entering into the L'Arc Services Continuing Connected Transactions

The Group's core business is the development and operation of casinos and related facilities in Macau. SJM Resorts is principally engaged in the gaming business in Macau and is one of the six companies authorised to operate casino games of fortune and other games of chance in casinos, under the terms of a gaming concession granted by the government of Macau. The Group operates nine casinos owned by third parties in Macau, including the casino in the L'Arc Hotel. The transaction under the L'Arc Services Agreement had been ongoing since 2009. The Directors (including the independent non-executive Directors but excluding Ms. Leong) consider that entering into the L'Arc Services Agreement is a continuation of and in line with the Group's business of operating various casinos owned by third parties, which is in the ordinary and usual course of the business of the Group. The Board (including the independent non-executive Directors but excluding Ms. Leong) is of the view that the terms of the L'Arc Services Agreement (including the Annual Cap) are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned, and the transaction contemplated under the L'Arc Services Agreement is in the interests of the Company and the Shareholders as a whole.

(C) LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. As at the date of this announcement, L'Arc Entertainment is indirectly and wholly owned by Ms. Leong. Accordingly, L'Arc Entertainment is a connected person of the Company under the Listing Rules by virtue of it being an associate of Ms. Leong.

Since the highest applicable percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Cap in respect of the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions constitutes continuing connected transactions for the Company and the Company

is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for Ms. Leong, none of them have a material interest in the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions. Ms. Leong was absent from the Board meeting of the Company while the relevant resolution was being discussed and abstained from voting on the Board resolution on approving the Premises Leasing Continuing Connected Transactions and the L'Arc Services Continuing Connected Transactions.

(D) DEFINITIONS

Unless defined otherwise, the terms used in this announcement shall have the following meanings:

“Annual Cap(s)”	the annual maximum aggregate value(s) for the transactions contemplated under the Premises Leasing Continuing Connected Transactions or the L'Arc Services Continuing Connected Transactions (as the case maybe)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Casino L'Arc Macau”	the casino in the L'Arc Hotel
“Company”	SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Jai Alai building”	the shops and areas of the entire building located in Macau, at Zona de Aterros do Porto Exterior (ZAPE) No S/N, Jai Alai (including the building and other ancillaries erected thereon), which is commonly known as “Jai Alai building”

“L’Arc Entertainment”	L’Arc Entertainment Group Company Limited, a company incorporated in Macau
“L’Arc Hotel”	the L’Arc Hotel Macau located at Avenida 24 de Junho, No.278, NAPE, Macau
“L’Arc Services”	selling, promotion, advertising, customer development and introduction, coordination of activities as well as other mutually agreed services to be provided by L’Arc Entertainment to SJM Resorts
“L’Arc Services Agreement”	the agreement entered into between SJM Resorts and L’Arc Entertainment dated 30 December 2022 regarding the provision of the Services and licensing for use of the designated area in the L’Arc Hotel by L’Arc Entertainment to SJM Resorts for the operation of a casino
“L’Arc Services Continuing Connected Transactions”	the transactions contemplated under the L’Arc Services Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Ms. Leong”	Deputada Leong On Kei, Angela, a Director
“Premises Leasing Continuing Connected Transactions”	the transactions contemplated under the Premises Leasing Master Agreement
“Premises Leasing Master Agreement”	the leasing master agreement dated 3 March 2023 entered into between the Company and Ms. Leong in relation to the leasing of premises by Ms. Leong and/or her associates to the Group
“Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital of the Company
“SJM Resorts”	SJM Resorts, S.A. (in Portuguese) or SJM Resorts, Limited (in English) (name changed from Sociedade de Jogos de Macau, S.A. on 9 June 2021), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VIP”	very important person
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	Macau Pataca(s), the lawful currency of Macau
“%”	per cent.

By order of the Board
SJM Holdings Limited
Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 12 October 2023

As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Tse Hau Yin, Ms. Wong Yu Pok, Marina, Mr. Yeung Ping Leung, Howard and Mr. Ho Hau Chong, Norman.