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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

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF LEASES OF PREMISES FROM
MS. LEONG AND/OR HER ASSOCIATES**

THE RENEWED PREMISES LEASING MASTER AGREEMENT

Reference is made to the announcement of the Company dated 14 December 2016 regarding the Existing Premises Leasing Master Agreement. As the Existing Premises Leasing Master Agreement will expire on 31 December 2019, the Board is pleased to announce that on 23 December 2019, the Company and Ms. Leong renewed the Existing Premises Leasing Master Agreement by entering into the Renewed 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 Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. 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 transactions contemplated under the Renewed Premises Leasing Master Agreement, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Renewed Premises Leasing Master Agreement constitute continuing connected transactions for the Company and the Company is required to comply with announcement, reporting and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(A) THE RENEWED PREMISES LEASING MASTER AGREEMENT

Reference is made to the announcement of the Company dated 14 December 2016 regarding the Existing Premises Leasing Master Agreement. As the Existing Premises Leasing Master Agreement will expire on 31 December 2019, the Board is pleased to announce that on 23 December 2019, the Company and Ms. Leong renewed the Existing Premises Leasing Master Agreement by entering into the Renewed 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 Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

Principal terms of the Renewed Premises Leasing Master Agreement are set out below:

Date: 23 December 2019

Parties: (i) Ms. Leong; and
(ii) the Company.

Subject matter: Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates subject to the terms and conditions of the Renewed Premises Leasing Master Agreement and the relevant Implementation Agreements.

The location, usage and other details of the premises leased by Ms. Leong and/or her associates to the Group shall be set out in the relevant Implementation Agreements. Ms. Leong agrees that the quality and conditions of the premises to be provided under the Implementation Agreements will be satisfactory to the Group. As at the date of the Renewed Premises Leasing Master Agreement, the premises leased by Ms. Leong and/or her associates to the Group are all located in Macau.

Term and renewal: The Renewed Premises Leasing Master Agreement shall commence from 1 January 2020 and end on 31 December 2022 (the “**Relevant Period**”).

The Company shall have the right in its sole discretion to renew the Renewed Premises Leasing Master Agreement by giving at least six months' notice to Ms. Leong before its termination in which event both Ms. Leong and the Company agree to sign new documents, subject to compliance with the relevant laws, rules and regulations and the Listing Rules.

Implementation Agreement(s):

Ms. Leong agrees to enter into and will procure her relevant associates to enter into Implementation Agreements with the relevant members of the Group to set out the details of the lease of each premises, including the specific quality, condition, rent, duration and other relevant specifications which reflect the requirements of the relevant members of the Group and the market conditions at the material time. The term for each of the Implementation Agreements shall not exceed the term of the Renewed Premises Leasing Master Agreement, and the term for each casino related Implementation Agreement shall not exceed 26 June 2022, if the gaming concession of SJM is not able to be renewed by that date, or the term as extended pursuant to the paragraph headed "Term and renewal" above.

The interpretation of the provisions of the Implementation Agreement shall be consistent with the interpretation of the Renewed Premises Leasing Master Agreement. If any of the provisions of any Implementation Agreement conflict with any provisions of the Renewed Premises Leasing Master Agreement, the provisions of the Renewed Premises Leasing Master Agreement shall prevail.

Rental, the Premises Related Fees and Charges and payment terms:

The rental, the basis of rental payable and the exact date of rental payment in respect of each premises to be provided by Ms. Leong and/or her associates to the Group, and if appropriate the relevant building management fees, utility charges, air conditioning services charges, electrical and mechanical ("E&M") services charges and any other charges in respect of each premises to be charged by Ms. Leong and/or her associates, shall be set out in the relevant Implementation Agreements and must be fair and reasonable to the Group and on normal commercial terms.

Rental

The relevant rental of each premises shall not be higher than the rental for the same or comparable type of premises provided by independent third parties in the ordinary course of business. The terms and conditions on which such premises are to be provided by Ms. Leong and/or her associates should be no less favourable to the Group than those offered by independent third parties.

The relevant rental for each premises will be subject to the review and mutual agreement by the parties to the relevant Implementation Agreement, provided that an independent property valuer to be appointed by the parties to the Implementation Agreement confirms that such updated rental is not higher than the market rent.

Premises Related Fees and Charges

The Premises Related Fees and Charges in respect of each premises shall be payable by Ms. Leong and/or her associates or by the Group as the parties to the Renewed Premises Leasing Master Agreement may agree and in accordance with normal market practices.

If any of the Premises Related Fees and Charges is payable by the Group and the party receiving the same is Ms. Leong and/or her associates, the amount of the relevant Premises Related Fees and Charges payable by the Group in respect of the relevant premises shall be made in accordance with and not exceeding the relevant Market Price or, where there is no relevant Market Price, then on terms negotiated between the relevant parties at arm's length. For services other than the E&M services, the relevant Premises Related Fees and Charges are calculated based on proportionate usage of the relevant services by the Group in the relevant premises with reference to actual billings from the independent third party management company, utility companies and related service providers charged to Ms. Leong and/or her associates, which will be reviewed by the management of the Group from time to time. For the E&M services, the services charges will be determined with reference to the actual costs for provision of similar services by the Group in comparable premises.

If any of the Premises Related Fees and Charges is payable by the Group and the party receiving the same is an independent third party not connected with Ms. Leong nor any of her associates, the amount of the relevant Premises Related Fees and Charges payable by the Group in respect of the relevant premises shall be made based on the actual billings from the management company, utility companies and related service providers.

Maintenance and repair of the premises:

The costs of maintenance and repair of the premises shall be borne, as set out in the Implementation Agreements, by the relevant member of the Group as tenant/lessee in the case of regular maintenance and repair of usage deterioration and by Ms. Leong or her relevant associate as landlord/lessor in the case of structural repair required to maintain the integrity of the premises.

Non-exclusivity and priority given by Ms. Leong and/or her associates:

The Renewed Premises Leasing Master Agreement does not restrict any member of the Group from renting premises from other third parties.

The provision of premises by Ms. Leong and/or her associates is on a non-exclusive basis and Ms. Leong and/or her associates may provide premises to other third parties, subject always to the obligation that Ms. Leong and/or her associates give priority to lease those premises required by the Group in accordance with the Renewed Premises Leasing Master Agreement.

Condition precedent:

The Renewed Premises Leasing Master Agreement is subject to and conditional on the fulfillment of the requirements of the Listing Rules and any conditions imposed by the Stock Exchange.

(B) HISTORICAL TRANSACTION AMOUNTS, THE VALUE OF RIGHT-OF-USE ASSETS AND THE ANNUAL CAPS

Upon implementation of HKFRS 16 “Lease” effective from 1 January 2019, the Group, when entering into a lease transaction as lessee, may recognise the right-of-use assets in the consolidated statement of financial position of the Group according to HKFRS 16. The value of the right-of-use assets to be recognised by the Group for such transactions under the Renewed Premises Leasing Master Agreement represents the present value of the estimated aggregate rental payments for such transactions payable by the Group to Ms. Leong and/or her associates in accordance with HKFRS 16 “Leases”.

On the other hand, certain rental and related payments to be made by the Group to Ms. Leong and/or her associates under the Renewed Premises Leasing Master Agreement may not be recognised as the right-of-use assets in the statement of financial position of the Group but will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group.

The following table sets out the historical expenditures in relation to the rental and related payments made by the Group to Ms. Leong and/or her associates recognised as expenses in the consolidated statement of profit or loss of the Group for the two years ended 31 December 2018 and the nine months ended 30 September 2019 and the Annual Caps for the transactions under the Renewed Premises Leasing Master Agreement to be recognised in the consolidated financial statements of the Group for each of the three years ending 31 December 2022.

	Aggregate amount for year ended 31 December 2017 <i>(audited)</i>	Aggregate amount for year ended 31 December 2018 <i>(audited)</i>	Aggregate amount for nine months ended 30 September 2019 <i>(unaudited)</i>	Annual Cap for the year ending 31 December 2020	Annual Cap for the year ending 31 December 2021	Annual Cap for the year ending 31 December 2022
<i>(in HK\$ million)</i>						
Rental and related payment	139.8	118.5	89.0	278.7	9.0	9.0

The Annual Caps for the transactions under the Renewed Premises Leasing Master Agreement were determined by reference to: (i) the existing leases entered into between the Group and Ms. Leong and/or her associates under the Existing Premises Leasing Master Agreement; (ii) the expected renewals of certain existing leases under the Existing Premises Leasing Master Agreement during the Relevant Period; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the adoption of HKFRS 16 “Lease” 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 of market rental (including property management fee, if applicable) and any unexpected fees and charges incidental to the transactions contemplated under the Renewed Premises Leasing Master Agreement as well as any additional leases to be entered pursuant to the Renewed Premises Leasing Master Agreement in the Relevant Period. The actual amount of the rental and related payments to be recognised by the Group shall be determined upon the entering of the individual lease agreements relating to the premises to be leased from Ms. Leong and/or her associates. The terms and conditions on which the premises to be provided by Ms. Leong and/or her associates should be no less favourable to the Group than those offered by independent third parties.

(C) REASONS FOR AND BENEFITS OF THE ENTERING INTO THE RENEWED PREMISES LEASING MASTER AGREEMENT

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) considers that leases of premises under the Renewed Premises Leasing Master Agreement are a necessary component of the Group’s ongoing business. The Board (including the independent non-executive Directors) considers the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group. The Board (excluding Ms. Leong but including the independent non-executive Directors) considers that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Continuing Connected Transactions will be on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned. The Group will consider, among other factors, location, quality and condition of the relevant premises, rent and duration of the relevant leases and requirements of the Group before entering into the Implementation Agreements.

(D) LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. 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 transactions contemplated under the Renewed Premises Leasing Master Agreement, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Renewed Premises Leasing Master Agreement constitute continuing connected transactions for the Company and the Company is required to comply with announcement, reporting and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for Ms. Leong, none of them have a material interest in the Renewed Premises Leasing Master Agreement. 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 proposing the Renewed Premises Leasing Master Agreement.

(E) DEFINITIONS

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

- “Annual Caps” : the annual maximum aggregate values for the transactions contemplated under the Renewed Premises Leasing Master Agreement for each of the years ending 31 December 2020, 2021 and 2022
- “associate(s)” : has the meaning ascribed to it under the Listing Rules
- “Board” : the board of Directors of the Company
- “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
- “Continuing Connected Transactions” : the transactions contemplated under the Renewed Premises Leasing Master Agreement
- “Director(s)” : the director(s) of the Company

“Existing Premises Leasing Master Agreement”	: the premises leasing master agreement dated 14 December 2016 entered into between the Company and Ms. Leong in relation to the leases of premises owned by Ms. Leong and/or her associates to the Group
“Group”	: the Company and its subsidiaries from time to time
“HKFRS”	: Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“Implementation Agreement(s)”	: the implementation agreement(s) to be entered into between members of the Group and Ms. Leong and/or her associates as governed by the Renewed Premises Leasing Master Agreement
“Jai Alai building”	: the shops and areas of the entire building located in Macau, at Zona de Aterros do Porto Exterior (ZAPE) N° S/N, Jai Alai (including the building and other ancillaries erected thereon), which is commonly known as “Jai Alai building”
“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
“Market Price”	: the price charged by independent third parties in their ordinary course of business for the provision of the same or comparable type of services in the place where such services are provided or in the vicinities thereof
“Ms. Leong”	: Deputada Leong On Kei, Angela, a Director
“Premises Related Fees and Charges”	: the building management fees, utility charges, air conditioning services charges, electrical and mechanical services charges and any other charges as set out under the Renewed Premises Leasing Master Agreement
“Renewed Premises Leasing Master Agreement”	: the premises leasing master agreement dated 23 December 2019 entered into between the Company and Ms. Leong in relation to the leases of premises owned 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” : Sociedade de Jogos de Macau, S.A., a joint stock company “sociedade anónima” incorporated under the laws of Macau and a subsidiary of the Company
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong
- “%” : per cent.

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

Hong Kong, 23 December 2019

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. So Shu Fai, Mr. Ng Chi Sing, 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. Chau Tak Hay, Hon. Shek Lai Him, Abraham, Mr. Tse Hau Yin and Ms. Wong Yu Pok, Marina.