

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



澳門博彩控股有限公司
SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

(1) CHANGE OF STATUS IN RELATION TO

**(A) PROVISION OF SERVICES AND LICENSING
FOR OCCUPATION AND USE OF SPACES IN L'ARC HOTEL
BY L'ARC ENTERTAINMENT
TO SJMSA FOR THE OPERATION OF A CASINO
AND**

**(B) TRIPARTITE AGREEMENT FOR PAYMENTS OF
THE GAMING PROMOTER'S CONSIDERATION
AMONG SJMSA, L'ARC ENTERTAINMENT AND
THE GAMING PROMOTER**

AND

**(2) UPDATE ON A DIRECTOR'S INTERESTS
IN COMPETING BUSINESS**

The Board has been informed by Deputada Leong On Kei, Angela, an executive Director, that there has been a change in the ultimate beneficial ownership of L'Arc Entertainment, one of the Group's service providers for its casino operations in Macau, such that L'Arc Entertainment, which has become indirectly wholly owned by Deputada Leong On Kei, Angela as of 17 May 2021, has become a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Deputada Leong On Kei, Angela.

This means that the arrangements under the L'Arc Services Agreement, which was entered into in 2009 between SJMSA and L'Arc Entertainment, and a related Tripartite Agreement, have become continuing connected transactions for the Company. The transactions under the L'Arc Services Agreement and the Tripartite Agreement have not changed as a result of the change in the ultimate beneficial ownership of L'Arc Entertainment and are explained in detail below.

Since the continuing transactions have only become continuing connected transactions as a result of aforesaid change and the L’Arc Services Agreement and the Tripartite Agreement are for fixed periods with fixed terms, the Company is only required to comply with announcement, annual reporting and annual review requirements pursuant to Rule 14A.60 of the Listing Rules but is exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As the Board is now aware of the change of ownership in the L’Arc Macau Group following completion of the L’Arc Share Acquisition, the Board is assessing the full implications of this change, including measures on the avoidance of conflict of interest and competition against the Company in connection with the aforesaid change.

In accordance with disclosure obligations under the Listing Rules as a result of the change in the ultimate beneficial ownership of L’Arc Entertainment, the Board announces the L’Arc Services Agreement was entered into in 2009 between SJMSA and L’Arc Entertainment, pursuant to which L’Arc Entertainment agrees to provide support services to SJMSA in relation to marketing, promotion, customer development and introduction, etc., as well as to authorise SJMSA to occupy and use the designated area of the L’Arc Hotel for the operation of a casino. The principal terms of the L’Arc Services Agreement are set out below:

- Date:** 21 September 2009 (as supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017 and 6 May 2020)
- Parties:** (i) SJMSA; and
(ii) L’Arc Entertainment.
- Subject matters:** L’Arc Entertainment agrees to provide support services to SJMSA in relation to marketing, promotion, customer development and introduction, etc., as well as to authorise SJMSA to occupy and use the designated area of the L’Arc Hotel for the operation of a casino, including mass market, VIP room and slot machines.
- Term:** Until 26 June 2022

Consideration:	<p>In consideration for the provision of the Services to SJMSA, L’Arc Entertainment is entitled to a monthly fee pursuant to a prescribed formula set forth in the L’Arc Services Agreement, which is determined based on a fixed percentage of the gross gaming revenue of the relevant gaming sectors in the casino and after deducting all relevant costs and expenses for provision of the Services.</p> <p>In addition, given the extra costs incurred by SJMSA to maintain its concession contract until June 2022, L’Arc Entertainment agrees to pay to SJMSA a fee of approximately MOP17.5 million (equivalent to approximately HK\$17.0 million) upon the execution of the addendum to the L’Arc Services Agreement dated 6 May 2020.</p> <p>The consideration for the provision of the Services was determined after arm’s length negotiation.</p>
Obligations to reimburse costs:	L’Arc Entertainment agrees to bear all costs of required resources for the operation of the casino in the L’Arc Hotel, including but not limited to gaming equipment, human resources and other related gaming assets.
Tax and other payments:	SJMSA has the obligations to pay all taxes, levies, donations, contributions and premium generally payable as a gaming concessionaire under Macau laws and the gaming concession held by SJMSA.
Bank guarantee:	L’Arc Entertainment agrees to provide to SJMSA a bank guarantee of approximately MOP148.1 million (equivalent to approximately HK\$143.8 million) in favour of SJMSA.
Human resources:	All employees related to casino operation in the L’Arc Hotel shall continuously be solely employed by SJMSA.
Termination:	<p>The L’Arc Services Agreement may be terminated on the occurrence of the following events:</p> <ul style="list-style-type: none"> (i) breach of the L’Arc Services Agreement by either party; (ii) winding up or cessation of business of either party; or (iii) termination of the gaming concession granted to SJMSA.

In connection with the L’Arc Services Agreement, a tripartite agreement regarding the payments of the consideration and any outstanding amounts between the Gaming Promoter and SJMSA were entered into among SJMSA, L’Arc Entertainment and the Gaming Promoter in Macau in 2020 (the “**Tripartite Agreement**”). The principal terms of the Tripartite Agreement are set out below:

Date: 4 June 2020

Parties: (i) SJMSA (as the casino operator);
(ii) L’Arc Entertainment (as the casino service provider); and
(iii) Sun City (as the gaming promoter).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, Sun City and its ultimate beneficial owner are Independent Third Parties.

Subject matters: L’Arc Entertainment agrees to collect all consideration on behalf of the Gaming Promoter from SJMSA, as well as guarantees the payment of any outstanding amount owed by the Gaming Promoter to SJMSA.

L’Arc Entertainment unconditionally and irrevocably guarantees that the Gaming Promoter will pay all outstanding sums owed by the Gaming Promoter to SJMSA timely and it shall be responsible for any sum overdue by the Gaming Promoter. L’Arc Entertainment shall also be jointly liable for all the overdue payments and compensations and responsibilities that arise due to such overdue payments to SJMSA.

Term: Subject to a separate agreement entered into between SJMSA and the Gaming Promoter, which is currently ending on 30 June 2021

The Group’s core business is the development and operation of casinos and related facilities in Macau. SJMSA is principally engaged in the gaming business in Macau and is one of the six concessionaires/sub-concessionaires licensed to carry on casino operations in Macau. The Group operates 14 satellite casinos in Macau, including the casino in the L’Arc Hotel.

The transactions under the L’Arc Services Agreement and the Tripartite Agreement have been ongoing for some time and have now become continuing connected transactions as a result of completion of the L’Arc Share Acquisition. The Directors consider that the

transactions under the L’Arc Services Agreement and the Tripartite Agreement are in line with the Group’s business of operating various satellite casinos, which is in the ordinary and usual course of the business of the Group.

The Board (including the independent non-executive Directors but excluding Deputada Leong On Kei, Angela) is of the view that the terms of the L’Arc Services Agreement and the Tripartite Agreement, which have not changed as a result of completion of the L’Arc Share Acquisition, are fair and reasonable and on normal commercial terms, and the transactions under the L’Arc Services Agreement and the Tripartite Agreement are in the interests of the Company and the Shareholders as a whole.

Deputada Leong On Kei, Angela informed the Board that following completion of the L’Arc Share Acquisition she has acquired the remaining interests in the L’Arc Holding Companies such that the L’Arc Macau Group is now wholly owned by Deputada Leong On Kei, Angela. This represents a significant change from the earlier position where Deputada Leong On Kei, Angela was one of a number of investors in the indirect holding companies.

The Company has already in place appropriate corporate governance practices and internal control procedures to safeguard the interests of the Company and its shareholders and to prevent competition and conflict of interest between the Group and the Directors. These procedures require, among other things, the avoidance of any competition and conflict of interest situation.

Since the Board has just been advised by Deputada Leong On Kei, Angela of the L’Arc Share Acquisition having completed on 17 May 2021, the Board is assessing the full implications of this change, including measures on the avoidance of conflict of interest and competition against the Company in connection with the aforesaid change. The Board is seeking professional advice to assist with this assessment and considering what steps must be taken to safeguard the business of the Company and the interests of its shareholders as a whole.

L’Arc Entertainment is principally engaged in the entertainment business, promotion of entertainment products and events.

The Gaming Promoter is principally engaged in the business of promotion of games of fortune and chance in casino.

As at the date of this announcement, L’Arc Entertainment is wholly owned by Goldarch Holdings Ltd., which is equally owned by the L’Arc Holding Companies. After completion of the L’Arc Share Acquisition, the L’Arc Holding Companies have become wholly owned by Deputada Leong On Kei, Angela. Accordingly, L’Arc Entertainment has become a connected person of the Company under the Listing Rules by virtue of it being an associate of Deputada Leong On Kei, Angela. Therefore, the continuing transactions under the L’Arc Services Agreement and the Tripartite Agreement have become continuing connected transactions of the Company under

Chapter 14A of the Listing Rules. On the basis that the continuing transactions have only become continuing connected transactions as a result of aforesaid change and the L’Arc Services Agreement and the Tripartite Agreement are for fixed periods with fixed terms, the Company is only required to comply with announcement, annual reporting and annual review requirements pursuant to Rule 14A.60 of the Listing Rules but is exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	: has the meaning ascribed to it under the Listing Rules
“Board”	: the board of the Directors
“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
“Gaming Promoter” or “Sun City”	: Sun City Gaming Promotion Company Limited, a company incorporated in Macau and wholly owned by Mr. Chau Cheok Wa
“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
“Independent Third Party(ies)”	: third party independent of the Company and connected persons of the Company
“L’Arc Entertainment”	: L’Arc Entertainment Group Company Limited, a company incorporated in Macau
“L’Arc Holding Companies”	: City Honour Developments Limited and Power Link Fortune Limited
“L’Arc Hotel”	: the L’Arc Hotel located at Avenida Sir Anders Ljungstedt, Macau

“L’Arc Macau Group”	: the L’Arc Holding Companies, L’Arc Entertainment and the companies associated with ownership and management of L’Arc Hotel and intermediate holding companies
“L’Arc Services Agreement”	: the agreement entered into between SJMSA and L’Arc Entertainment dated 21 September 2009 regarding the provision of the Services and licensing for occupation and use of the designated area in the L’Arc Hotel by L’Arc Entertainment to SJMSA for the operation of a casino and as supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017 and 6 May 2020
“L’Arc Share Acquisition”	: the acquisition by Deputada Leong On Kei, Angela of the remaining shareholding interests in the L’Arc Holding Companies
“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
“Services”	: support services provided to SJMSA in relation to marketing, promotion, customer development and introduction, etc.
“Shareholder(s)”	: holder(s) of the ordinary share(s) in the share capital of the Company
“SJMSA”	: 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
“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.

For the purpose of this announcement, amounts in MOP are converted to HK\$ at the conversion rate of MOP1.03 = HK\$1.00 for illustration only. No representation is made that any amounts in MOP could have been or could be converted into HK\$ at such rate or any other rates.

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

Hong Kong, 17 May 2021

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, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive directors of the Company are Mr. Ng Chi Sing and 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.