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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
WITH THE STDM GROUP**

THE RENEWED PRODUCTS AND SERVICES MASTER AGREEMENT

Reference is made to the announcement of the Company dated 6 January 2014 regarding the Existing Products and Services Master Agreement.

As the Existing Products and Services Master Agreement expired on 31 December 2016, the Board is pleased to announce that the Company and STDM renewed the Existing Products and Services Master Agreement on 26 January 2017. Pursuant to the Renewed Products and Services Master Agreement, the STDM Group will provide hotel accommodation, entertainment, transportation, hotel management and operation, and maintenance services to the Group with effect from 1 January 2017.

OTHER CONTINUING CONNECTED TRANSACTIONS WITH THE STDM GROUP

In addition to the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement, which were entered into on 18 June 2008 with STDM, will continue in effect without any changes. As the associated annual caps obtained for those agreements ended on 31 December 2016, the Board approved new annual caps for transactions under such agreements for the three years ending 31 December 2019.

LISTING RULES IMPLICATIONS

STDM is a connected person of the Company under the Listing Rules by virtue of it being the controlling shareholder of the Company interested in approximately 54.13% of the issued shares of the Company. Accordingly, the transactions contemplated under the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules (other than the profits ratio) as determined by reference to the respective annual caps in respect of the transactions contemplated under the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement, on an annual basis, exceed 0.1% but are less than 5.0%, the Company is required to comply with announcement, reporting and annual review requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(A) THE RENEWED PRODUCTS AND SERVICES MASTER AGREEMENT

(i) Background

Reference is made to the announcement of the Company dated 6 January 2014 regarding the Existing Products and Services Master Agreement.

As the Existing Products and Services Master Agreement expired on 31 December 2016, the Board is pleased to announce that the Company and STDM renewed the Existing Products and Services Master Agreement on 26 January 2017. Pursuant to the Renewed Products and Services Master Agreement, the STDM Group will provide hotel accommodation, entertainment, transportation, hotel management and operation, and maintenance services to the Group with effect from 1 January 2017.

(ii) Principal terms

Date: 26 January 2017

Parties: (i) The Company; and

(ii) STDM.

Type of products and services: The Products and Services to be provided by various members of the STDM Group to the Group under the Renewed Products and Services Master Agreement include the following:

- (i) hotel accommodation, including provision of hotel accommodation to the gaming patrons and guests of the Group;
- (ii) entertainment, including food and beverages and other entertainment services for the staff and the gaming patrons and guests of the Group;
- (iii) transportation, including limousine and shuttle bus services for hotel, ferry ticketing services, helicopter services and private jet services for the staff and the gaming patrons and guests of the Group;
- (iv) hotel management and operation, including provision of hotel management and operation services to the Group and assistance in the purchase of fixed assets and consumables for Grand Lisboa Hotel; and
- (v) maintenance services, including electrical and engineering maintenance services for casinos and other premises, and other engineering services, including tender reviewing and construction related services.

Pricing:

The provision of each relevant Product or Service by the STDM Group shall be on normal commercial terms and made with reference to the prevailing Market Price after arm's length negotiation between the relevant parties or, where there is no relevant Market Price, on terms negotiated between the relevant parties at arm's length.

The price of the Products and Services to be provided by the STDM Group including the basis of the calculation of the payments to be made shall be set out in the relevant Products and Services Implementation Agreements and must be fair and reasonable and in accordance with the provision set out in the paragraph above.

In respect of the pricing of the hotel accommodation, the manager of execution department of the Group will conduct a review of the STDM Group's hotel room rates, on a quarterly basis, by obtaining the quotations of hotel room rates of Independent Third Party hotels in the vicinity and with comparable service quality. The review result will be submitted for further review by and approval of the senior management of the Group. The STDM Group will only charge the Group at or below the prevailing market price determined based on the quotations of hotel room rates of Independent Third Party hotels.

In respect of the pricing of the entertainment and transportation, the STDM Group will charge the Group at or below the listed price charged to the public for the same food, beverages, other entertainment services and/or transportation services. The management of the Group will review the amount payable to the STDM Group and compare to the listed price of the relevant entertainment products/services and transportation services.

In respect of the pricing of the hotel management and operation, the STDM Group will generally charge the Group in accordance with the actual cost of the provision of the relevant services rendered by the STDM Group to the Group. The actual cost will be calculated based on the staff cost of and the relative time spent by the relevant management rendering the hotel management and operation. The staff cost and the time allocation of the aforesaid management will be reviewed by the management of the hotel owned by the Group and senior management of the Group on a monthly or quarterly basis.

In respect of the pricing of the maintenance services, the STDM Group will charge the Group in accordance with the usage ratio and the actual cost of the relevant services rendered by the STDM Group to the Group. The usage ratio will be determined based on the historical usage of the relevant services by the STDM Group and the Group and the actual cost will be calculated with reference to the staff cost and material cost for provision of the relevant services. The staff cost and the material cost will be reviewed by the management of the Group from time to time.

Term and renewal: The Renewed Products and Services Master Agreement became effective on 1 January 2017 and shall end on 31 December 2019. Subject to compliance with the requirements of the Listing Rules, the Renewed Products and Services Master Agreement may be renewed by the parties at least 6 months before its termination.

The Products and Services Implementation Agreements: Each of the Company and STDM agrees to enter into the Products and Services Implementation Agreements which should set out the details of the terms and conditions for the provisions of Products and Services, including the specific product or service, quantity, price, duration and other relevant specifications which reflect the requirements of the members of the Group, and the market conditions at the time. If any of the provisions of any Products and Services Implementation Agreement conflict with any provisions of the Renewed Products and Services Master Agreement, the provisions of the Renewed Products and Services Master Agreement shall prevail.

Others: The Group retains its right to choose to receive Products and Services from Independent Third Parties.

The provision of Products and Services by any member of the STDM Group is on a non-exclusive basis and any member of the STDM Group may provide products and services to other third parties.

(iii) Historical transaction figures and the Annual Caps

The following table sets out the historical expenditures in relation to the provision of the Products and Services under the Existing Products and Services Master Agreement for the two years ended 31 December 2015 and the nine months ended 30 September 2016 and the respective annual caps (if applicable) for such transactions under the Renewed Products and Services Master Agreement for the three years ending 31 December 2019.

	Aggregate amount for year ended 31 December 2014 <i>(in HK\$ million)</i> <i>(audited)</i>	Aggregate amount for year ended 31 December 2015 <i>(audited)</i>	Aggregate amount for nine months ended 30 September 2016 <i>(unaudited)</i>	Annual cap for year ending 31 December 2017	Annual cap for year ending 31 December 2018	Annual Cap for year ending 31 December 2019
(i) Hotel accommodation	118.0	77.6	25.6	80	92	106
(ii) Entertainment and staff messing <i>(Note: staff messing is not applicable since 1 January 2017)</i>	54.2	51.2	21.8	60	69	79
(iii) Transportation	163.5	153.6	101.0	170	206	236
(iv) Hotel management and operation <i>(Note)</i>	N/A	N/A	N/A	N/A	N/A	N/A
(v) Maintenance services <i>(Note)</i>	N/A	N/A	N/A	N/A	N/A	N/A

Note: Since the applicable percentage ratios as defined in the Listing Rules (other than the profits ratio) of the expected aggregate value for the transactions under each category of (iv) hotel management and operation and (v) maintenance services above for each of the three years ending 31 December 2019 do not exceed 0.1%, no annual cap is set for the said transactions.

The respective annual caps are determined by reference to a number of factors including (i) the historical consumption of the Products and Services by the Group; (ii) the business, marketing and promotion plans of the Group; (iii) the inflation rate in Macau; and (iv) the expected transaction volume and market prices of the Products and Services.

(iv) Reasons for and benefits of entering into the Renewed Products and Services Master Agreement

The Group's core business is the development and operation of casinos and related facilities in Macau. The Board (including the independent non-executive Directors) considers that the provision of Products and Services under the Renewed Products and Services Master Agreement is a necessary component of the Group's business since, primarily, it facilitates the Group to provide its gaming patrons and guests with transportation services, hotel accommodation, food and beverage and other services. The Board (excluding the Abstained Directors but including the independent non-executive Directors) considers the execution of the Renewed Products and Services Master Agreement is in the ordinary and usual course of the business of the Group as the procurement of Products and Services is a necessary component of the Group's ongoing business.

The Board (excluding the Abstained Directors but including the independent non-executive Directors) is of the view that the terms of the Renewed Products and Services Master Agreement (including the Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(B) THE PREMISES LEASING MASTER AGREEMENT

(i) Background

Reference is made to the Prospectus under the section headed “Connected Transactions” and the announcements of the Company dated 11 September 2009, 30 December 2010 and 6 January 2014 regarding, among other things, the Premises Leasing Master Agreement dated 18 June 2008 entered into between the Company and STDM.

The Company entered into the Premises Leasing Master Agreement with STDM on 18 June 2008 to govern various leasing arrangements with members of the STDM Group as landlords to lease premises to the Group for use as casinos, office or for other business purposes. The Premises Leasing Master Agreement will continue in force until 31 March 2020, provided that the Company may, by giving not less than three months’ prior written notice to STDM, terminate the agreement, and the Premises Leasing Master Agreement may be renewed by the parties at any time. The Premises Leasing Master Agreement provides the framework for individual lease agreements relating to the premises to be leased from the STDM Group, whether they are casino premises, offices, warehouses or staff quarters. The relevant rental of such premises is negotiated between the parties and may not be higher than the rental for the same or comparable types of premises provided by independent third parties in the ordinary course of business.

The rental for each premises will be subject to the review and mutual agreement by the Company and the STDM Group, provided that an independent property valuer will be appointed by both parties confirming that such rental is not higher than the market rent.

(ii) Historical transaction figures and annual caps

The following table sets out the historical expenditures in relation to the rental and related expenses paid by the Group to the STDM Group for the two years ended 31 December 2015 and the nine months ended 30 September 2016 and the respective annual caps for such transactions for the three years ending 31 December 2019.

	Aggregate amount for year ended 31 December 2014	Aggregate amount for year ended 31 December 2015	Aggregate amount for nine months ended 30 September 2016	Annual cap for year ending 31 December 2017	Annual cap for year ending 31 December 2018	Annual Cap for year ending 31 December 2019
<i>(Amounts in HK\$ million)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>			
Rental and related expenses	261.2	294.4	206.0	307	307	307

These annual caps for rental and related expenses have been determined by reference to (i) the existing leases between the Group and the STDM Group; (ii) the expected renewal of certain existing leases during the three years ending 31 December 2019; (iii) the estimated rental adjustments to be made to the renewed leases; and (iv) a buffer for additional and unexpected demand of the Group for the premises owned by the STDM Group for its business operations up to 31 December 2019.

(iii) Reasons for and benefits of entering into the Premises Leasing Master Agreement

The STDM Group is one of the most prominent landowners in Macau and at the time of the Company's listing in 2008 owned a number of properties in which the Group operated, including part of the Lisboa Casino. The Board (including the independent non-executive Directors) considers that the lease of properties pursuant to the Premises Leasing Master Agreement was a necessary component of the Group's ongoing business. The Board (excluding the Abstained Directors but including the independent non-executive Directors) considers that the transactions under the Premises Leasing Master Agreement are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(C) CHIPS AGREEMENT

(i) Background

Reference is made to the Prospectus under the section headed "Connected Transactions" regarding, among other things, the Chips Agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM's gaming operations.

Since 1 April 2002, SJM has been borrowing casino chips from STDM for the purpose of its business operation. STDM has agreed to reimburse SJM for the aggregate face value of the chips honoured by SJM which were not sold by SJM. Since SJM has secured its own supply of chips and is no longer borrowing any STDM chips, the overall value of STDM chips redeemed has declined substantially from the levels seen in earlier years.

(ii) Historical transaction figures and annual caps

The following table sets out the historical amount of STDM chips redeemed for the two years ended 31 December 2015 and the nine months ended 30 September 2016 and the respective annual caps for such transactions for the three years ending 31 December 2019.

	Aggregate amount for year ended 31 December 2014 <i>(audited)</i>	Aggregate amount for year ended 31 December 2015 <i>(audited)</i>	Aggregate amount for nine months ended 30 September 2016 <i>(unaudited)</i>	Annual cap for year ending 31 December 2017	Annual cap for year ending 31 December 2018	Annual Cap for year ending 31 December 2019
<i>(Amounts in HK\$ million)</i>						
STDM chips redeemed	0.4	0.8	1.2	79	79	79

These annual caps for the STDM chips to be redeemed have been determined by reference to the outstanding amount of STDM chips in circulation.

(iii) Reasons for and benefits of entering into the Chips Agreement

As disclosed in the Prospectus, when the Concession Contract was executed, a certain quantity of STDM chips was in circulation in the market. Pursuant to the Concession Contract, SJM is permitted to use the STDM chips provided that SJM honours the STDM chips presented for payment by patrons and clients. At the early stage following the execution of the Concession Contract, SJM did not have sufficient casino chips of its own to meet its business needs and therefore had to borrow additional STDM chips from STDM for the purpose of its casino gaming operations. SJM has secured its own supply of chips and is no longer borrowing any STDM chips.

(D) LISTING RULES IMPLICATIONS

STDM is a connected person of the Company under the Listing Rules by virtue of it being the controlling shareholder of the Company interested in approximately 54.13% of the issued shares of the Company. Accordingly, the transactions contemplated under the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules (other than the profits ratio) as determined by reference to the respective annual caps in respect of the transactions contemplated under the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement, on an annual basis, exceed 0.1% but are less than 5.0%, the Company is required to comply with announcement, reporting and annual review requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for the Abstained Directors, none of them have a material interest in the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement and the transactions contemplated thereunder. The Abstained Directors were absent from the relevant Board meeting of the Company while the relevant resolution was being discussed and abstained from voting on the Board resolution on proposing the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement and the transactions contemplated thereunder.

(E) DEFINITIONS

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

“Abstained Directors”	Dr. Ho Hung Sun, Stanley, Deputada Leong On Kei, Angela, Mr. Shum Hong Kuen, David and Dr. Cheng Kar Shun, who are regarded as having material interests in the transactions contemplated under the Renewed Products and Services Master Agreement, the Premises Leasing Master Agreement and the Chips Agreement in view of their interests in the STDM Group, were absent from the relevant Board meeting of the Company while the relevant resolution was being discussed and have abstained from voting on the board resolution on such transactions
“Annual Caps”	the annual maximum aggregate value for the transactions contemplated under the Renewed Products and Services Master Agreement for each of the three years ending 31 December 2017, 2018 and 2019, details of which are set out in the paragraph headed “(iii) Historical transaction figures and the Annual Caps” under the section headed “(A) The Renewed Products and Services Master Agreement” in this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Chips Agreement”	the chips agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM’s gaming operations
“Company”	SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Concession Contract”	the concession contract for the operation of casino games dated 28 March 2002 and published at the Official Gazette, N. 14, series II, on 3 April 2002, between the Macau Government and SJM, its first amendment published in the Official Gazette N.18, series II, on 4 May 2005 and its second amendment published at the Official Gazette N.41, series II, on 9 October 2013
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Existing Products and Services Master Agreement”	the products and services master agreement dated 6 January 2014 entered into between the Company and STDM in relation to the provision of products and services by the STDM Group to the Group for various services ancillary to the Group’s casino gaming business
“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)”	independent third party(ies) who is/are independent of and not connected with the Company and/or STDM
“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 for the provision of the same or comparable type of products or services in the place where such products or services are provided or in the vicinities thereof in the ordinary course of business or, if the product or service provided by the STDM Group is not normally offered by Independent Third Parties, the price charged by the STDM Group to Independent Third Parties for the provision of the same product or service
“Premises Leasing Master Agreement”	the premises leasing master agreement dated 18 June 2008 entered into between STDM and the Company in relation to the leasing of premises by the STDM Group to the Group
“Products and Services”	the services provided and provision of products rendered under the Renewed Products and Services Master Agreement and the Products and Services Implementation Agreements, details of which are set out in the paragraph headed “(ii) Principal terms” under the section headed “(A) The Renewed Products and Services Master Agreement” in this announcement
“Products and Services Implementation Agreements”	the implementation agreements to be entered into between members of the Group and members of the STDM Group in respect of the provision of the Products and Services pursuant to the Renewed Products and Services Master Agreement
“Prospectus”	the prospectus of the Company dated 26 June 2008
“Renewed Products and Services Master Agreement”	the products and services master agreement dated 26 January 2017 entered into between the Company and STDM in relation to the renewal of the Existing Products and Services Master Agreement

“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
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a joint stock company “sociedade anónima” incorporated under the laws of Macau and a controlling shareholder of the Company
“STDM Group”	STDM and its associates (other than the Group) from time to time
“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
So Shu Fai
Executive Director and Chief Executive Officer

Hong Kong, 26 January 2017

As at the date of this announcement, the executive directors of the Company are Dr. Ho Hung Sun, Stanley, Dr. So Shu Fai, Mr. Ng Chi Sing, Dr. Rui José da Cunha, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Dr. Cheng Kar Shun and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Dr. Lan Hong Tsung, David, Hon. Shek Lai Him, Abraham and Mr. Tse Hau Yin.