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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

**INSIDE INFORMATION ANNOUNCEMENT**

**AWARD OF  
A NEW GAMING CONCESSION TO SJM RESORTS**

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**AWARD OF A NEW GAMING CONCESSION TO SJM RESORTS**

The Board is pleased to announce that on 16 December 2022, the Macau Government confirmed to SJM Resorts that it had awarded SJM Resorts a new gaming concession to operate casino games of fortune and other games of chance in casinos as approved and authorised by the Macau Government for a 10-year period commencing on 1 January 2023 and ending on 31 December 2032.

SJM Resorts shall pay the Macau Government a fixed premium and variable premium for the New Concession Contract. The premium is payable monthly and annually during the life of the New Concession Period. In addition, SJM Resorts shall also pay special gaming tax, Tourism Contribution and Cultural Contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively.

Since the casino premises, which were owned and operated by the Group, will revert to the Macau Government at the end of the Current Concession, SJM Resorts will pay an annual utilization fee for use of casino space owned by the Macau Government. The quantum of the utilization fee is expected to be determined by the Macau Government at the end of this month.

SJM Resorts has committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) during the life of the New Concession Period. SJM Resorts is obliged to further increase the total amount of the non-gaming investment obligations when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) before 2027, details of which are set out in this announcement. The Investment Plan emphasizes investment by SJM Resorts in non-gaming products in line with the Macau Government's stated intention to diversify Macau's economy.

SJM Resorts already participates in the Non-Mandatory Central Provident Fund under Macau Law. Under the New Concession Contract, SJM Resorts is required to provide or has provided a bank guarantee in the amount of MOP1,000 million (equivalent to approximately HK\$971 million) to guarantee (i) the performance of the statutory and contractual obligations under the New Concession Contract; (ii) payment of the premium on time; (iii) payment of the potential fines or other monetary penalties; (iv) payment of all or part of the non-fulfilment of the obligations; and (v) fulfilment of the labour liabilities, for the New Concession Period and for 180 days thereafter.

Pursuant to the New Concession Contract, the Macau Government may unilaterally terminate the New Concession Contract for cause without compensation or SJM Resorts may fail to secure its extension. Furthermore, pursuant to the recent amendment to the Macau Gaming Law, all concessionaires have to communicate to the Chief Executive of MSAR decisions on major financial initiatives with a value greater than the value foreseen in the concession contracts. Further details of these contract provisions are set out below in this announcement.

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **A) AWARD OF A NEW GAMING CONCESSION TO SJM RESORTS**

The Board is pleased to announce that on 16 December 2022, the Macau Government confirmed to SJM Resorts that it had awarded SJM Resorts a new gaming concession to operate casino games of fortune and other games of chance in casinos as approved and authorised by the Macau Government for a 10-year period commencing on 1 January 2023 and ending on 31 December 2032.

The principal terms of the New Concession Contract are set out below:

Date: 16 December 2022

Parties: (i) the Macau Government; and  
(ii) SJM Resorts

New Concession Period: 10 years from 1 January 2023 to 31 December 2032 subject to earlier redemption or termination as explained in the section headed “Earlier redemption/Termination by the Macau Government”.

## **Premium for the New Concession Contract**

SJM Resorts shall pay the Macau Government a fixed premium and variable premium for the New Concession Contract. The premium is payable monthly and annually during the life of the New Concession Period.

The payment of the contract premium is expected to be satisfied by internal resources of the Group and will be treated as operating expenses.

- a. Fixed premium – MOP30 million (equivalent to approximately HK\$29 million) per annum
- b. Variable premium

The amount of the variable premium payable by SJM Resorts shall be calculated monthly according to the number of gaming tables and slot machines operated by SJM Resorts. Below are the variable premium per gaming table and gaming machine:

- VIP gaming table – MOP300,000 (equivalent to approximately HK\$291,262) per table per annum
- Mass gaming table – MOP150,000 (equivalent to approximately HK\$145,631) per table per annum
- Gaming machine – MOP1,000 (equivalent to approximately HK\$971) per slot machine per annum

Regardless of the number of gaming tables operated by SJM Resorts at any one time, the annual variable premium shall not be less than the amount payable for using 500 gaming tables and 1,000 gaming machines.

## **Tax and Concessionaire Obligations**

Pursuant to the New Concession Contract, SJM Resorts must pay the following obligations:

- 35% of the gross gaming revenue (“**GGR**”) as special gaming tax in accordance with the Macau Gaming Law
- 3% of the GGR for Tourism Contribution in accordance with Clause 22, item 1 point (3) of the Macau Gaming Law
- 2% of the GGR for Cultural Contribution in accordance with Clause 22, item 1 point (2) of the Macau Gaming Law

Special premium – in accordance with Clause 20, item 4 of the Macau Gaming Law, if the concessionaire is not able to achieve the minimum average GGR per gaming table and gaming machine set by the Macau Government, the concessionaire needs to pay a special premium:

- Special premium per gaming table and gaming machine = (average minimum GGR per gaming table and gaming machine less actual average GGR per gaming table and gaming machine) multiplied by the special gaming tax rate

Gaming tax exemption – The GGR generated by foreign patrons, namely, people from outside mainland China, Hong Kong, Macau, or Taiwan, can be entitled to an exemption of up to 5% of gaming tax if approved by the Macau Government.

### **Utilization fee for use of casino space owned by the Macau Government**

Since the casino premises, which were owned and operated by the Group, will revert to the Macau Government at the end of the Current Concession, SJM Resorts will pay an annual utilization fee for use of casino space owned by the Macau Government. The quantum of the utilization fee is expected to be determined by the Macau Government at the end of this month and the Company will make an announcement as appropriate at that time.

### **Investment Plan Obligations primarily for non-gaming investment projects**

Pursuant to the New Concession Contract, SJM Resorts has committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) during the life of the New Concession Period of which MOP12,000 million (equivalent to approximately HK\$11,651 million) is in non-gaming for both capital investment and events, and MOP2,033 million (equivalent to approximately HK\$1,974 million) is in gaming for capital investment. The Investment Plan emphasizes investment by SJM Resorts in non-gaming products in line with the Macau Government's stated intention to diversify Macau's economy. Each year SJM Resorts will provide the Macau Government, for its review, with a detailed Investment Plan for the following year.

SJM Resorts is obliged to further increase the total amount of the non-gaming investment obligations by MOP2,400 million (equivalent to approximately HK\$2,330 million) corresponding to 20% of the basic investment amount when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) (“**Investment Increase Triggering Event**”) before 2027.

If the Investment Increase Triggering Event occurs after 2027 the percentage value of such commitment is reduced according to the following table:

<b>The year Investment Increase Triggering Event occurs</b>	<b>Percentage of the investment increase</b>
Fifth year or before	20% of the basic investment amount
Sixth year	16% of the basic investment amount
Seventh year	12% of the basic investment amount
Eighth year	8% of the basic investment amount
Ninth year	4% of the basic investment amount
Tenth year	0% of the basic investment amount

**Bank guarantee for the legal and contractual obligations of SJM Resorts including fulfilment of the labour liabilities**

SJM Resorts already participates in the Non-Mandatory Central Provident Fund under Macau Law No. 7/2017. The existing bank guarantees of MOP3,500 million (equivalent to approximately HK\$3,398 million) and MOP600 million (equivalent to approximately HK\$583 million) which had been provided to the Macau Government to warrant the fulfilment of eventual labour liabilities of employees of SJM Resorts will be returned to SJM Resorts after 31 December 2022.

Under the New Concession Contract, SJM Resorts is required to provide or has provided a bank guarantee in the amount of MOP1,000 million (equivalent to approximately HK\$971 million) to guarantee the following for the New Concession Period and for 180 days thereafter:

- Perform the statutory and contractual obligations under the New Concession Contract
- Pay the premium on time
- Pay for the potential fines or other monetary penalties
- Pay for all or part of the non-fulfilment of the obligations
- Fulfil the labour liabilities

SJM Resorts has arranged for the issue of the said bank guarantee by an independent bank in Macau and the same has been submitted to the Macau Government.

The provision of the bank guarantee will have no significant impact on the financial position of the Group.

The contract premium, the ongoing payments and arrangements for the provision of the bank guarantee were determined following arm's length negotiations between the Macau Government and SJM Resorts.

## **Earlier redemption/Termination by the Macau Government**

Pursuant to the New Concession Contract, the Macau Government may unilaterally terminate the New Concession Contract for cause without compensation or SJM Resorts may fail to secure its extension.

The New Concession Contract expires on 31 December 2032, unless extended pursuant to the Macau Gaming Law. Upon expiration of the New Concession Contract, all of SJM Resorts' casinos, gaming assets and equipment and ownership rights to the casino properties in Macau will revert to the Macau Government without compensation to SJM Resorts.

Moreover, beginning in year eight of the new concession, the Macau Government may exercise its right to redeem the New Concession Contract by providing SJM Resorts with at least one-year prior written notice. In such event, SJM Resorts is entitled to fair compensation. The amount of such compensation shall correspond to the loss of income that SJM Resorts would have in the projects included in the Investment Plan, for which the part relating to building projects will correspond to the value of income from such projects, obtained in the fiscal year prior to the one in which the redemption is exercised, before deducting interest, depreciation and amortization, multiplied by the number of years outstanding until the end of the concession.

The Macau Government has the right to unilaterally terminate the New Concession Contract for cause, after providing SJM Resorts with the opportunity to remedy, upon the occurrence of certain events of default such as:

- a. deviation from the purpose of the concession, either through the exploitation of unauthorized games, or through the performance of activities excluded from the concessionaire's corporate purpose;
- b. the abandonment of the concession operation or its unjustified suspension for a period longer than seven consecutive days or fourteen interpolated days in a calendar year;
- c. the total or partial transfer of the exploitation right, either temporarily or definitively, in violation of the provisions of the concession regime;
- d. non-payment of taxes, premiums, contributions or other fees provided for in the concession regime, due to the Macau Government and not disputed within the legal period;
- e. the failure or intentional refusal of the concessionaire to resume the concession operations, stopped or interrupted without authorization from the Macau Government and out of force majeure events;
- f. repeated obstruction to the supervision and inspections or repeated disobedience to the Macau Government determinations, namely DICJ instructions;

- g. repeated non-compliance with fundamental obligations contained in the concession regime;
- h. failure to provide or reinforce the deposits or guarantees provided for in the concession contract under the terms and respective deadlines;
- i. bankruptcy or insolvency of the concessionaire;
- j. the practice of serious fraudulent activity aimed to harming the public interest;
- k. serious and repeated violation of the implementing rules for the practice of games of chance in casinos or the integrity of games of chance in casinos;
- l. non-compliance with the amount of investment and the respective criteria provided for in the New Concession Contract, within the period set by the Secretary for Economy and Finance of Macau.

In addition, the Macau Government may terminate the New Concession Contract in the event of threat to National or MSAR security, redemption (as described above), reasons of public interest and lack of suitability by the concessionaire.

### **Restrictions regarding Financial Obligations**

Pursuant to the recent amendment to the Macau Gaming Law, all concessionaires have to communicate to the Chief Executive of MSAR decisions on major financial initiatives with a value greater than the value foreseen in the concession contracts calculated according to a certain percentage of the registered share capital, before taking such decisions.

SJM Resorts shall inform the Chief Executive of MSAR on the following major financial initiatives with at least five working days' advance notice (unless with acceptable cause):

- a. Financial decisions related to the internal movement of funds of SJM Resorts exceeding 50% of its registered share capital;
- b. Financial decisions related to employees' wages, remuneration or benefits, among others, exceeding 10% of SJM Resorts' registered share capital;
- c. Financial decisions not covered by the two previous paragraphs exceeding 10% of SJM Resorts' registered share capital.

In addition, SJM Resorts is required to obtain prior authorisation from the Macau Government on the following transactions:

- a. transfer of SJM Resorts' property rights and credits exceeding MOP100 million;
- b. loan agreements or similar agreements entered into by SJM Resorts, as a borrower, with an amount equal to or greater than MOP100 million.

### **Publication of contract documents in Macau**

The Macau Government released an extract of New Concession Contract on its website in Macau's official languages of Chinese and Portuguese on 16 December 2022 and can be found in the links below:

In Chinese: [https://bo.io.gov.mo/bo/ii/2022/50/extractos\\_cn.asp#dsf6](https://bo.io.gov.mo/bo/ii/2022/50/extractos_cn.asp#dsf6)

In Portuguese: <https://bo.io.gov.mo/bo/ii/2022/50/extractos.asp#dsf6>

A copy of a press notice relating to the Investment Plan in Chinese and English languages was released by SJM Resorts on 17 December 2022 and can be found in the links below:

In Chinese: <https://www.sjmholdings.com/resources/images/uploads/2022-12-18-02-04-17.pdf>

In English: [https://www.sjmholdings.com/resources/images/uploads/sjm\\_press-conference\\_17-12-2022-docx.pdf](https://www.sjmholdings.com/resources/images/uploads/sjm_press-conference_17-12-2022-docx.pdf)

## **B) REASONS FOR AND BENEFITS OF THE NEW CONCESSION CONTRACT**

The principal activity of the Company is investment holding and the Group's core business is the development and operation of casinos and related facilities in Macau. The Board considers that the signing of the New Concession Contract represents an important development for the Group. The Board considers that the terms of the New Concession Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **C) TERMINATION OF SUB-CONCESSION AGREEMENT WITH MGM GRAND PARADISE LIMITED**

The MGM Sub-concession Contract with MGM Grand Paradise Limited (a subsidiary of MGM China Holdings Limited) will terminate on 31 December 2022 with no obligations owing from either party.



## **D) INFORMATION ON THE PARTIES**

The Company is the holding company of SJM Resorts, one of the six companies authorised to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Macau Government. The ultimate beneficial owner of both the Company and SJM Resorts is STDM.

The Macau Government is the local government of Macau. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Macau Government is third party independent of and not connected with the Company and its connected persons.

## **E) PRE-CONDITIONS TO THE AWARD OF THE NEW CONCESSION CONTRACT CONCESSIONAIRE'S SHARE CAPITAL**

As a pre-condition to the award of the New Concession Contract, the Company provided a guarantee to the Macau Government to assume the commitment and provide the guarantee of financing for the Investment Plan Obligations of SJM Resorts. The pre-conditions to the award of the New Concession Contract also require that (i) SJM Resorts to have increased its issued share capital from MOP300 million (equivalent to approximately HK\$291 million) to MOP5,000 million (equivalent to approximately HK\$4,854 million) and to increase the issued share capital held by the SJM Resorts MD from 10% to 15%; and (ii) that SJM Resorts can demonstrate to the Macau Government that it holds cash of no less than MOP5,000 million (equivalent to approximately HK\$4,854 million) at the time of the award of the New Concession Contract and at the commencement of operations by SJM Resorts under the New Concession Contract, and have a net asset value of not less than MOP5,000 million during the whole New Concession Period. SJM Resorts completed the registration of its share capital increase on 28 November 2022 and the Company had made payment of the full MOP4,700 million (equivalent to approximately HK\$4,563 million) for the new shares of SJM Resorts, details of which are set out in the announcement of the Company dated 13 December 2022.

The Board (excluding Ms. Daisy Ho) considers the terms of the SJMH Guarantee to be fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

In view of the share capital structure of SJM Resorts, which is described below, the provision of the SJMH Guarantee is a connected transaction for the Company. The Company has applied to the Stock Exchange for, and, the Stock Exchange has granted, a waiver from strict compliance with Rules 14A.26 and 14A.27 of the Listing Rules in respect of the SJMH Guarantee. Further details on the Listing Rules implications are set out below in the section headed "F) Listing Rules implications".

## F) LISTING RULES IMPLICATIONS

As at the date of this announcement, 15% of the issued share capital of SJM Resorts is held by the SJM Resorts MD, currently Ms. Daisy Ho, who is a director of the Company and hence a connected person of the Company. As Ms. Daisy Ho is able to exercise 10% or more of the voting power at the SJM Resorts' general meeting, SJM Resorts technically falls within the meaning of "commonly held entity" of the Company as defined under Rule 14A.27 of the Listing Rules. Given the above and since Ms. Daisy Ho will not provide her proportionate guarantee in respect of the Investment Plan Obligations (as explained in below), the SJMH Guarantee constitutes a non-exempt connected transaction for the Company under Rules 14A.26 and 14A.27 of the Listing Rules.

In connection with the SJMH Guarantee, the Stock Exchange has granted a waiver from strict compliance with Rules 14A.26 and 14A.27 of the Listing Rules on the basis that:

- (i) Ms. Daisy Ho does not benefit directly or indirectly from her shareholding in SJM Resorts or the SJMH Guarantee as (a) her shareholding in SJM Resorts is solely to satisfy the requirements of the Macau Gaming Law; (b) the shares of SJM Resorts held by Ms. Daisy Ho carry no right to dividend beyond a nominal amount, are not in the nature of equity share capital and have no economic value; and (c) Ms. Daisy Ho has no material economic interest in SJM Resorts;
- (ii) given the shares of SJM Resorts held by Ms. Daisy Ho have restricted rights and only entitle Ms. Daisy Ho to the nominal amount of dividend payable, the Company will continue to be effectively entitled to a 100% economic interest in SJM Resorts and the Company will continue to fully consolidate the assets and liabilities as well as the results of SJM Resorts in its consolidated accounts. Hence, Ms. Daisy Ho derives no economic interest either from the SJMH Guarantee or from SJM Resorts;
- (iii) since the Company will be effectively entitled to the entire economic interest in SJM Resorts, it would be commercially unrealistic to require Ms. Daisy Ho to provide her proportionate guarantee to Macau Government in respect of the Investment Plan Obligations;
- (iv) given Ms. Daisy Ho does not benefit from her shareholding in SJM Resorts or the SJMH Guarantee (and the Company enjoys 100% of the economic interest and benefit of SJM Resorts and the SJMH Guarantee), Ms. Daisy Ho has no incentive to take advantage of her position as the Company's director or her shareholding in SJM Resorts through the normal business operations of SJM Resorts or the SJMH Guarantee; and
- (v) since the Company will be effectively entitled to a 100% economic interest in SJM Resorts, the SJMH Guarantee has no material financial impact on the Group.

The Directors confirmed that, save for Ms. Daisy Ho, none of them have a material interest in the SJMH Guarantee. Ms. Daisy Ho was 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 SJMH Guarantee.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise.

“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
“Cultural Contribution”	:	allocation of 2% of SJM Resorts’ gross gaming revenue annually to a public fund for the promotion, development or research of cultural, social, economic, educational, scientific, academic and charitable activities in Macau
“Current Concession”	:	the concession contract for the operation of casino games of fortune and other games of chance in casinos dated 28 March 2002 between the Macau Government and SJM Resorts, as amended and supplemented by supplemental agreements between the same parties dated 19 April 2005, 26 September 2013, 23 January 2017, 15 March 2019, 23 March 2020 and 23 June 2022
“DICJ”	:	Direcção de Inspeção e Coordenação de Jogos (in Portuguese) or Gaming Inspection and Coordination Bureau (in English) in Macau
“Directors”	:	the directors of the Company
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Plan”	:	the investment plan of SJM Resorts submitted to the Macau Government regarding committed investments and obligations during the New Concession Period
“Investment Plan Obligations”	:	the obligations of SJM Resorts as set out in the Investment Plan
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau” or “MSAR”	:	the Macau Special Administrative Region of the People’s Republic of China

“Macau Gaming Law”	:	Law no. 16/2001 “Legal Framework to the Operations or Casino Games of Fortune” as amended by Law no. 7/2022
“Macau Government”	:	the government of Macau
“MGM Sub-concession Contract”	:	the gaming sub-concession contract for the operation of casino games dated 19 April 2005 between SJM Resorts and MGM Grand Paradise Limited and extended by addendum dated 15 March 2019 and 23 June 2022
“Ms. Daisy Ho”	:	Ms. Ho Chiu Fung, Daisy, the Chairman and an executive director of the Company and managing director of SJM Resorts
“New Concession Contract”	:	the gaming concession contract for the operation of casino games of fortune and other games of chance in casinos dated 16 December 2022 between the Macau Government and SJM Resorts
“New Concession Period”	:	the period from 1 January 2023 to 31 December 2032, being the duration of the New Concession Contract
“Shareholders”	:	holders of the share(s) of the Company
“SJM Guarantee”	:	the guarantee provided by the Company to the Macau Government to assume the commitment and provide guarantee of financing for the entire amount of the Investment Plan Obligations
“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
“SJM Resorts MD”	:	the managing director of SJM Resorts from time to time
“STDM”	:	Sociedade de Turismo e Diversões de Macau, S.A., a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau and a controlling shareholder of the Company
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Tourism Contribution”	:	allocation of 3% of SJM Resorts’ gross gaming revenue every year to develop urban construction, promote tourism and provide social security in Macau

“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 was 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, 18 December 2022

*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 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.*