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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

## **CONNECTED TRANSACTION IN RELATION TO RENEWAL OF LEASE AGREEMENT FOR JAI ALAI BUILDING**

### **THE LEASE AGREEMENT**

Reference is made to the announcements of the Company dated 3 March 2023 and 12 October 2023 regarding the Premises Leasing Continuing Connected Transactions and, among others, the revision of the Annual Cap for the year ending 31 December 2024, respectively.

Before the expiry of the lease agreement for the Jai Alai Building (previously a principal property under the Premises Leasing Master Agreement) on 31 March 2024, the Group leased the entire Jai Alai Building for the operation of Casino Oceanus at Jai Alai and other facilities including hotel and restaurants.

On 31 May 2024, Macau Jai Alai as the sublessor and SJM Resorts, a subsidiary of the Company, as the sublessee entered into the Lease Agreement in respect of the Premises for a period of three years commencing from 1 April 2024 and expiring on 31 March 2027.

In view of the steady growth in the business performance of Casino Oceanus at Jai Alai and expected high volume of visitor arrivals in Macau in the coming years which will drive a continuous high demand for hotel rooms, the Board (excluding Ms. Leong but including all independent non-executive Directors) considers that the leasing of the Premises under the Lease Agreement would allow the Group to continue the operation of Casino Oceanus at Jai Alai and provide hotel rooms to our patrons at a low cost.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Macau Jai Alai is a connected person of the Company under the Listing Rules by virtue of it being owned as to approximately 97% by Ms. Leong, a Director. The transaction contemplated under the Lease Agreement therefore will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the Company shall recognise the Premises leased by SJM Resorts (a subsidiary of the Company) as sublessee under the Lease Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Lease Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14A.24(1) of the Listing Rules. As at the date of the Lease Agreement, the unaudited value of the right-of-use asset recognised under the Lease Agreement is approximately HK\$136.3 million.

Since all the applicable percentage ratios as defined in the Listing Rules as determined by reference to the transaction contemplated under the Lease Agreement exceed 0.1% but are less than 5%, the Lease Agreement is subject to announcement and reporting requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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On 31 May 2024, Macau Jai Alai as the sublessor and SJM Resorts, a subsidiary of the Company as the sublessee entered into the Lease Agreement in respect of the Premises for a period of three years commencing from 1 April 2024 and expiring on 31 March 2027.

A summary of the key terms of the Lease Agreement is set out below:

Date:	31 May 2024
Parties:	Macau Jai Alai (as sublessor)
	SJM Resorts (as sublessee)

- Premises:** Total area of approximately 20,939 square metres of the Jai Alai Building, comprising the hotel and gaming portion together with ancillary space therein in its existing condition
- Term and renewal:** A term of three years from 1 April 2024 to 31 March 2027 (both days inclusive)
- SJM Resorts has the sole discretion to renew the Lease Agreement for a term of not more than three years by notifying Macau Jai Alai in writing six months prior to expiry, subject to compliance with the relevant laws and the Listing Rules
- Rent:** The monthly rent for the 12 months from 1 April 2024 to 31 March 2025, the 12 months from 1 April 2025 to 31 March 2026, and the 12 months from 1 April 2026 to 31 March 2027 shall be HK\$3.5 million, HK\$4 million and HK\$4.5 million, respectively
- The rent shall be paid in cash by SJM Resort to Macau Jai Alai on the 1st business day of each month
- Use of Premises:** Operations of gaming, hotel rooms, restaurants and other facilities
- Deposit:** HK\$7 million equivalent to two-month rental of the first year which is non-interest bearing was settled upon execution of the Lease Agreement and shall be returned to SJM Resorts (subject to forfeiture, if applicable) within seven days after delivery of the Premises at the expiration or sooner determination of the Lease Agreement

### **Basis of determination**

The monthly rent payable by SJM Resorts to Macau Jai Alai under the Lease Agreement was determined after arm's length negotiation between the parties by reference to the appraised market rent per annum in respect of the Premises less amortization, in the amount of HK\$48 million for the period of three years since 1 April 2024 according to the valuation report dated 24 May 2024 prepared by an independent property valuer, adopting a direct comparison method based on prices realized on actual lettings or offerings of comparable properties.

The rent payable under the Lease Agreement will be financed by internal resources of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

The Group's core business is the development and operation of casinos and related facilities in Macau. In view of the steady growth in the business performance of Casino Oceanus at Jai Alai and expected high volume of visitor arrivals in Macau in the coming years which will drive a continuous high demand for hotel rooms, the Board (excluding Ms. Leong but including all independent non-executive Directors) considers that the leasing of the Premises under the Lease Agreement would allow the Group to continue the operation of Casino Oceanus at Jai Alai and provide hotel rooms to our patrons at a low cost, and is beneficial to the Group for its on-going business and for avoiding any possible business disruption.

The Board (excluding Ms. Leong but including all independent non-executive Directors) considers that the entering into of the Lease Agreement is in the ordinary and usual course of business of the Group, the terms of the Lease Agreement and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this Announcement, Macau Jai Alai is engaged in the business of operating and managing the Jai Alai Building and is a connected person of the Company under the Listing Rules by virtue of it being owned as to approximately 97% by Ms. Leong, a Director. The transaction contemplated under the Lease Agreement therefore will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the Company shall recognise the Premises leased by SJM Resorts (a subsidiary of the Company) as sublessee under the Lease Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Lease Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14A.24(1) of the Listing Rules. As at the date of the Lease Agreement, the unaudited value of the right-of-use asset recognised under the Lease Agreement is approximately HK\$136.3 million.

Since all the applicable percentage ratios as defined in the Listing Rules as determined by reference to the transaction contemplated under the Lease Agreement exceed 0.1% but are less than 5%, the Lease Agreement is subject to announcement and reporting requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to the Lease Agreement, the leasing of the Jai Alai Building was executed as an implementation agreement under the Premises Leasing Master Agreement. However, the Company has recently made the commercial decision to separate the Lease Agreement from the Premises Leasing Master Agreement because the Company does not expect to renew the Premises Leasing Master Agreement upon its expiry on 31 December 2025 given the fact that as at the date of this announcement, the Premises Leasing Master Agreement has only one ongoing underlying implementation agreement which is the lease of saleable area of 1,162 square feet at the basement of Tower B of Hung On Centre in Macau from an associate of Ms. Leong which term is due to expire on 31 May 2025 for a monthly rent of HK\$22,000 and the Company does not foresee any additional renting of properties from Ms. Leong and/or her associates which would fall under the Premises Leasing Master Agreement.

The Directors confirmed that, save for Ms. Leong, none of them have a material interest in the transaction contemplated under the Lease Agreement. Ms. Leong was absent from the Board meeting of the Company while the relevant resolution was being discussed and has abstained from voting on the Board resolution on approving the Lease Agreement.

## **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
“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 Shares of which are listed on the Main Board of 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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“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”
“Lease Agreement”	the sublease agreement dated 31 May 2024 entered into between Macau Jai Alai as sublessor and SJM Resorts as sublessee in respect of leasing of the Premises
“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
“Macau Jai Alai”	Sociedade de Pelota Basca de Macau, S.A. (in Portuguese) Macau Jai Alai Company Limited (in English), the sole legal and beneficial tenant under the tenancy contract executed with the Macau Government in respect of the Jai Alai Building and a company owned as to approximately 97% by Ms. Leong
“Ms. Leong”	Deputada Leong On Kei, Angela, a Director
“Premises”	a total area of approximately 20,939 square metres of the Jai Alai Building, comprising the hotel and gaming portion together with ancillary space therein in its existing condition
“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
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SJM Resorts”	SJM Resorts, S.A. (in Portuguese) 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

“%”                      per cent.

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

Hong Kong, 31 May 2024

*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.*