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**澳門博彩控股有限公司**  
**SJM Holdings Limited**

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 880)**

**CONTINUING CONNECTED TRANSACTIONS**  
**UNDER**  
**AIRCRAFT SUBLEASE AGREEMENTS**

Reference is made to the announcement of the Company dated 20 January 2009 wherein the annual caps in respect of the continuing connected transactions under the Aircraft Sublease Agreements were fixed for the years 2009 and 2010. Pursuant to Rule 14A.34 of the Listing Rules, these transactions are exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

In view of a substantial decline in the resale value of corporate jets over the last year, the Financier has invoked a clause in the first five of the Aircraft Lease Agreements requiring Sky Reach to make accelerated lease payments in an aggregate amount of approximately US\$11 million (approximately HK\$85.8 million). The payments are now due. Unless there is a substantial increase in the value of corporate jets by late 2009, it is anticipated that the Financier will invoke the same provision on the 6th Aircraft Lease Agreement (which was entered into in December 2008) and demand an extraordinary lease payment be made in late 2009 of approximately US\$2.65 million (approximately HK\$20.67 million). Pursuant to a provision in the Aircraft Sublease Agreements, Jet Asia will reimburse Sky Reach for such increased rental payments under the Aircraft Lease Agreements.

Since the amounts involved, in addition to the existing rental payments under such Aircraft Sublease Agreements, exceed the revised cap for payments under the Aircraft Lease Agreements, the Company proposed to have an increase in the annual caps for 2009 and 2010 from HK\$55 million in each year to HK\$150 million in 2009 and HK\$150 million in 2010.

As the applicable percentage ratios for the proposed revised annual caps of the Continuing Connected Transactions for 2009 and 2010 exceed 0.1% but are less than 2.5%, they are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules and are exempt from independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 20 January 2009 wherein the annual caps pursuant to Rule 14A.42(3) of the Listing Rules in respect of the continuing connected transactions under the Aircraft Sublease Agreements were fixed for the years 2009 and 2010. Pursuant to Rule 14A.34 of the Listing Rules, these transactions are exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

In view of a substantial decline in the resale value of corporate jets over the last year, the Financier has invoked a clause in the first five of the Aircraft Lease Agreements requiring Sky Reach to make accelerated lease payments in an aggregate amount of approximately US\$11 million (approximately HK\$85.8 million). The payments are now due. Unless there is a substantial increase in the value of corporate jets by late 2009, it is anticipated that the Financier will invoke the same provision on the 6th Aircraft Lease Agreement (which was entered into in December 2008) and demand an extraordinary lease payment be made in late 2009 of approximately US\$2.65 million (approximately HK\$20.67 million). Pursuant to a provision in the Aircraft Sublease Agreements, Jet Asia will reimburse Sky Reach for such increased rental payments under the Aircraft Lease Agreements.

Since the amounts involved, in addition to the existing rental payments under such Aircraft Sublease Agreements, exceed the revised cap for payments under the Aircraft Lease Agreements, the Company proposes to have an increase in the annual caps for 2009 and 2010 from HK\$55 million in each year to HK\$150 million in 2009 and HK\$150 million in 2010. The revised caps allow for flexibility in the actual calendar year in which the payments are to be made.

As the Continuing Connected Transactions have been continued and carried out in the ordinary and usual course of the Group's business on normal commercial terms and on terms that are fair and reasonable as far as the Shareholders as a whole are concerned, the Directors considered that it would not be practical to make disclosure for each transaction every time as it arises. Therefore, the Company makes this announcement on its plans for 2009 and 2010 with respect to the Continuing Connected Transactions to fulfil its announcement obligation.

## **INFORMATION RELATING TO THE CONNECTED PERSON**

STDM is the controlling shareholder of the Company. STDM and its associates (other than the Group) are the Company's connected persons under Rule 14A.11 of the Listing Rules.

Jet Asia is a subsidiary of STDM and therefore an associate of STDM under the Listing Rules and a connected person of the Company pursuant to Rule 14A.11(4) of the Listing Rules. Jet Asia principally engages in the operation and provision of chartered jet services from and to Macau and has been providing non-exclusive chartered jet services to the Group.

## **CONTINUING CONNECTED TRANSACTIONS UNDER THE AIRCRAFT SUBLEASE AGREEMENTS**

In May 2007, Jet Asia entered into a term sheet with the Financier, to arrange for a finance lease transaction in respect of six aircraft pursuant to which, Sky Reach, a wholly-owned subsidiary of the Company, would enter into lease agreements for the six aircraft with such independent third party.

As at the date of this announcement, all Aircraft Sublease Agreements have been entered into between Sky Reach and Jet Asia pursuant to which Sky Reach agreed to sublease six aircraft to Jet Asia. The first and the second sublease agreements were entered into in December 2007, the third sublease agreement was entered into in May 2008, the fourth and the fifth sublease agreements were entered into in August 2008 and the last sublease agreement was entered into in December 2008.

Each of the Aircraft Sublease Agreements has an initial term of 10 years and may be extended by mutual consent of Sky Reach and Jet Asia on such terms as may be agreed between them. As mentioned in the Prospectus, it is normal business practice for aircraft leases to have terms of similar or longer durations.

According to the Aircraft Sublease Agreements, the rental for the six aircraft which Jet Asia will pay to Sky Reach would be equivalent to the rental which Sky Reach will pay to the independent third party financier under the respective aircraft lease agreements. Sky Reach is not expected to make a profit or loss under Aircraft Sublease Agreements.

## **HISTORICAL TRANSACTION FIGURES**

The maximum aggregate annual value (cap) for the Continuing Connected Transactions for 2008 is HK\$38.0 million and the unaudited aggregated rental paid by Jet Asia to Sky Reach pursuant to the Aircraft Sublease Agreements for the year ended 31 December 2008 was approximately HK\$30.3 million.

## **PROPOSED REVISED ANNUAL CAPS**

The proposed revised annual caps of the aggregate rental payable by Jet Asia to Sky Reach for the years ending 31 December 2009 and 2010 will be HK\$150 million and HK\$150 million, respectively for the subleasing of all six aircraft.

The revised annual caps for the years ending 31 December 2009 and 2010, being the aggregate rental payable by Jet Asia to Sky Reach and thus the same aggregate rental payable by Sky Reach to the independent third party financier as modified by the accelerated lease payments, were determined by reference to the contractual terms of the Aircraft Sublease Agreements and subject to prevailing interest rates.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the revised annual caps of the Continuing Connected Transactions for 2009 and 2010 exceed 0.1% but are less than 2.5%, they are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules and are exempt from independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

## **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

As mentioned in the Prospectus, the Aircraft Sublease Agreements were entered into to ensure there were adequate chartered jet services for the Group's gaming patrons without having to directly operate the six aircraft for which the Group have no licence and expertise, nor commit additional resources to enter into a non-core business.

The Directors (including the independent non-executive Directors) believe that the Continuing Connected Transactions were entered into in the ordinary and usual course of business of the Company and the terms of the Continuing Connected Transactions were determined after arms-length negotiation, on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION RELATING TO THE GROUP**

The Group's current core business is the operation of casinos and related facilities in Macau.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meaning:

“Aircraft Lease Agreements”	the six aircraft sublease agreements entered into between Sky Reach and Credit Suisse during May 2007 and December 2008, pursuant to which Sky Reach agreed to lease six aircraft from Credit Suisse
“Aircraft Sublease Agreements”	the six aircraft sublease agreements entered into between Sky Reach and Jet Asia during May 2007 and December 2008, pursuant to which Sky Reach agreed to sublease six aircraft to Jet Asia
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors

“Company”	SJM Holdings Limited, a limited liability company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions under the Aircraft Sublease Agreements entered into between Sky Reach and Jet Asia
“Director(s)”	the director(s) of the Company
“Financier”	Credit Suisse, a company incorporated under the laws of Switzerland, being an independent third party which has provided financing to Sky Reach under the Aircraft Lease Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jet Asia”	Companhia de Aviação Jet Asia Limitada, a limited liability company by quotas (“ <i>sociedade por quotas</i> ”) incorporated under the laws of Macau and a subsidiary of STDM;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Prospectus”	the prospectus of the Company dated 26 June 2008
“Shareholders”	the shareholders of the Company
“Sky Reach”	Sky Reach Investments Limited, a limited liability company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company, which is engaged in aircraft leasing

“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 one of the controlling shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules

By Order of the Board  
**SJM Holdings Limited**  
**So Shu Fai**  
*Executive Director*

Hong Kong, 30 July 2009

*As at the date of this announcement, the executive Directors are Dr. Ho Hung Sun, Stanley, Dr. So Shu Fai, Mr. Ng Chi Sing, Mr. Rui José da Cunha, Ms. Leong On Kei, Angela and Mr. Shum Hong Kuen, David, the non-executive Director is Dato’ Dr. Cheng Yu Tung and the independent non-executive Directors are Mr. Chau Tak Hay, Mr. Lan Hong Tsung, David, Mr. Shek Lai Him, Abraham and Mr. Tse Hau Yin.*