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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 TRANSACTION  
IN RELATION TO  
PROVISION OF SERVICES AND LICENSING FOR USE OF SPACES  
IN L'ARC HOTEL BY L'ARC ENTERTAINMENT  
TO SJM RESORTS FOR THE OPERATION OF A CASINO**

**THE RENEWED L'ARC SERVICES AGREEMENT**

Reference is made to the 2021 Announcement regarding the L'Arc Services Agreement, which expired on 31 December 2022. The Board is pleased to announce that on 30 December 2022, SJM Resorts and L'Arc Entertainment renewed the L'Arc Services Agreement by entering into the Renewed L'Arc Services Agreement, pursuant to which L'Arc Entertainment agrees to provide the Services to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L'Arc Hotel for the operation of a casino.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, L'Arc Entertainment is indirectly and wholly owned by Ms. Leong. Accordingly, L'Arc Entertainment is a connected person of the Company under the Listing Rules by virtue of it being an associate of Ms. Leong. Since the highest applicable percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Caps in respect of the transaction contemplated under the Renewed L'Arc Services Agreement, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Renewed L'Arc Services Agreement constitutes a continuing connected transaction for the Company and the Company is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## (A) THE RENEWED L'ARC SERVICES AGREEMENT

Reference is made to the 2021 Announcement regarding the L'Arc Services Agreement, which expired on 31 December 2022. The Board is pleased to announce that on 30 December 2022, SJM Resorts and L'Arc Entertainment renewed the L'Arc Services Agreement by entering into the Renewed L'Arc Services Agreement, pursuant to which L'Arc Entertainment agrees to provide the Services to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L'Arc Hotel for the operation of a casino.

Principal terms of the Renewed L'Arc Services Agreement are set out below:

Date: 30 December 2022

Parties: (i) SJM Resorts; and  
(ii) L'Arc Entertainment.

Subject matters: L'Arc Entertainment agrees to provide Services to SJM Resorts, as well as to authorise SJM Resorts to use the designated area of the L'Arc Hotel for the operation of a casino, including mass gaming area, VIP room and slot machines.

Term: The Renewed L'Arc Services Agreement shall commence on 1 January 2023 and end on 31 December 2025.

Consideration: In consideration for the provision of the Services to SJM Resorts, L'Arc Entertainment is entitled to a monthly fee according to prescribed formulae set forth in the Renewed L'Arc Services Agreement, which is equal to fixed percentages of the gross gaming revenue of the relevant gaming sectors in the casino, after deducting all relevant costs and expenses for provision of the Services.

The consideration for the provision of the Services was determined after arm's length negotiation.

Obligations to reimburse costs: L'Arc Entertainment agrees to bear all operational costs and expenses incurred for the operation of the casino in the L'Arc Hotel, including but not limited to gaming equipment costs, employee expenses and other related gaming assets costs.

Taxation: The taxes levied on the gaming revenues of the Casino L'Arc Macau shall be paid by SJM Resorts.

Payment terms: The parties shall settle the monthly fee on the same month or the following month.

Termination: The Renewed L’Arc Services Agreement may be terminated on the occurrence of the following events:

- (i) termination of the gaming concession granted to SJM Resorts;
- (ii) winding up or cessation of business of either party; or
- (iii) breach of the Renewed L’Arc Services Agreement by either party.

**(B) HISTORICAL TRANSACTION AMOUNTS AND THE ANNUAL CAPS**

The following table sets out the historical amounts of the service fees paid to or reimbursed by L’Arc Entertainment under the L’Arc Services Agreement recognised in the consolidated financial statements of the Group for the four years ended 31 December 2022 and the Annual Caps for the transaction contemplated under the Renewed L’Arc Services Agreement to be recognised in the consolidated financial statements of the Group for each of the three years ending 31 December 2025.

	Aggregate amount for year ended 31 December				Annual Cap for year ending 31 December		
	2019 <i>(audited)</i>	2020 <i>(audited)</i>	2021 <i>(audited)</i>	2022 <i>(unaudited)</i>	2023	2024	2025
<i>(in HK\$ million)</i>							
Service fees paid/payable to or (reimbursed by) L’Arc Entertainment	739.8	(253.6)	(200.4)	(124.1)	253.1	351.7	450.1

The Annual Caps were determined by reference to a number of factors including but not limited to: (i) the historical gross gaming revenue of the mass market in the Casino L’Arc Macau in 2019, which was before the outbreak of COVID-19 pandemic; (ii) the expected recovery of visitor arrivals and gaming revenue in Macau in the coming few years; (iii) the number of gaming tables in the Casino L’Arc Macau in the past and during the three years ending 31 December 2025; (iv) the percentage of gross gaming revenue of the mass market of the Casino L’Arc Macau as stipulated in the Renewed L’Arc Services Agreement; (v) the actual costs and expenses for provision of the Services for January 2023; and (vi) a buffer of 15% for inflation and unanticipated growth in the gross gaming revenue of the Casino L’Arc Macau. The Annual Caps are generally much higher than the historical amount for the year ended 31 December 2022 due to the aforesaid expected recovery of visitor arrivals and gaming revenue as a result of the loosening COVID-19 pandemic preventive measures and travel restrictions in Macau and China since late 2022 after the outbreak of COVID-19 pandemic in 2020 to 2022.

## **(C) REASONS FOR AND BENEFITS OF THE ENTERING INTO THE RENEWED L'ARC SERVICES AGREEMENT**

The Group's core business is the development and operation of casinos and related facilities in Macau. SJM Resorts is principally engaged in the gaming business in Macau and is one of the six companies authorised to operate casino games of fortune and other games of chance in casinos, under the terms of a gaming concession granted by the government of Macau. The Group operates 9 casinos owned by third parties in Macau, including the casino in the L'Arc Hotel.

The transaction under the L'Arc Services Agreement had been ongoing since 2009 and till the end of 2022. The Directors (including the independent non-executive Directors but excluding Ms. Leong) consider that entering into the Renewed L'Arc Services Agreement is a continuation of and in line with the Group's business of operating various casinos owned by third parties, which is in the ordinary and usual course of the business of the Group.

The Board (including the independent non-executive Directors but excluding Ms. Leong) is of the view that the terms of the Renewed L'Arc Services Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned, and the transaction contemplated under the Renewed L'Arc Services Agreement is in the interests of the Company and the Shareholders as a whole.

## **(D) LISTING RULES IMPLICATIONS**

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

As at the date of this announcement, L'Arc Entertainment is indirectly and wholly owned by Ms. Leong. Accordingly, L'Arc Entertainment is a connected person of the Company under the Listing Rules by virtue of it being an associate of Ms. Leong. Since the highest applicable percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Caps in respect of the transaction contemplated under the Renewed L'Arc Services Agreement, on an annual basis, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Renewed L'Arc Services Agreement constitutes a continuing connected transaction for the Company and the Company is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In late 2022, there remained considerable uncertainty surrounding the grant of a new gaming concession from the Macau government and the exact arrangements regarding the operation of casinos owned by third parties. Since January 2023, there has been a substantial recovery of visitor arrivals and gaming revenue in Macau as well as the performance of the Casino L'Arc Macau. Hence it was considered to be more appropriate to make the announcement relating to the Renewed L'Arc Services Agreement once the regulatory and market environment was more settled.

The Directors confirmed that, save for Ms. Leong, none of them have a material interest in the Renewed L’Arc Services Agreement. Ms. Leong was absent from the Board meeting of the Company while the relevant resolution was being discussed and abstained from voting on the Board resolution on approving the Renewed L’Arc Services Agreement.

## DEFINITIONS

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

- “2021 Announcement” : the announcement of the Company dated 17 May 2021 in relation to, among other things, the L’Arc Services Agreement
- “Annual Caps” : the annual maximum aggregate values for the transaction contemplated under the Renewed L’Arc Services Agreement for each of the years ending 31 December 2023, 2024 and 2025
- “associate(s)” : has the meaning ascribed to it under the Listing Rules
- “Board” : the board of the Directors
- “Casino L’Arc Macau” : the casino in the L’Arc Hotel
- “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
- “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
- “L’Arc Entertainment” : L’Arc Entertainment Group Company Limited, a company incorporated in Macau
- “L’Arc Hotel” : the L’Arc Hotel Macau located at Avenida 24 de Junho, No.278, NAPE, Macau
- “L’Arc Services Agreement” : the agreement entered into between SJM Resorts and L’Arc Entertainment dated 21 September 2009 regarding the provision of the Services and licensing for use of the designated area in the L’Arc Hotel by L’Arc Entertainment to SJM Resorts 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, 6 May 2020 and 17 June 2022

“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
“Ms. Leong”	:	Deputada Leong On Kei, Angela, a Director
“Renewed L’Arc Services Agreement”	:	the agreement entered into between SJM Resorts and L’Arc Entertainment dated 30 December 2022 regarding the provision of the Services and licensing for use of the designated area in the L’Arc Hotel by L’Arc Entertainment to SJM Resorts for the operation of a casino
“Services”	:	selling, promotion, advertising, customer development and introduction, coordination of activities as well as other mutually agreed services to be provided by L’Arc Entertainment to SJM Resorts
“Shareholder(s)”	:	holder(s) of the ordinary share(s) in the share capital of the Company
“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
“VIP”	:	very important person
“HK\$”	:	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	:	per cent.

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

Hong Kong, 28 February 2023

*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.*