

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
IN RESPECT OF LEASES OF PREMISES FROM
MS. LEONG AND/OR HER ASSOCIATES**

THE PREMISES LEASING MASTER AGREEMENT

The Board is pleased to announce that on 14 December 2016, the Company and Ms. Leong renewed the Existing Premises Leasing Master Agreement by entering into the Premises Leasing Master Agreement, pursuant to which Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. Accordingly, the transactions as contemplated under the Premises Leasing Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Caps, on an annual basis, exceed 0.1% but all applicable percentage ratios are less than 5%, 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 PREMISES LEASING MASTER AGREEMENT

The Board is pleased to announce that on 14 December 2016, the Company and Ms. Leong renewed the Existing Premises Leasing Master Agreement by entering into the Premises Leasing Master Agreement, pursuant to which Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates.

Date: 14 December 2016

Parties: (i) Ms. Leong; and
(ii) the Company.

Subject matter: Ms. Leong agrees to lease and to procure her associates to lease certain premises to the Group and the Group agrees to lease and procure any member of the Group to lease such premises from Ms. Leong and/or her associates subject to the terms and conditions of the Premises Leasing Master Agreement and the relevant Implementation Agreements.

The location, usage and other details of the premises leased by Ms. Leong and/or her associates to the Group shall be set out in the relevant Implementation Agreements. Ms. Leong agrees that the quality and conditions of the premises to be provided under the Implementation Agreements will be satisfactory to the Group. As at the date of the Premises Leasing Master Agreement, the premises leased by Ms. Leong and/or her associates to the Group are all located in Macau.

Term and renewal: The Premises Leasing Master Agreement shall commence from 1 January 2017 and end on 31 December 2019.

The Company shall have the right in its sole discretion to renew the Premises Leasing Master Agreement for a further three years by giving at least six months' notice to Ms. Leong before its termination in which event parties to the Premises Leasing Master Agreement agree to sign new documents, subject to compliance with the relevant laws, rules and regulations and the Listing Rules.

Implementation Agreement(s): Ms. Leong agrees to enter into and will procure her relevant associates to enter into Implementation Agreements with the relevant members of the Group to set out the details of the lease of each premises, including the specific quality, condition, rent, duration and other relevant specifications which reflect the requirements of the relevant members of the Group and the market conditions at the material time. The term for each of the Implementation Agreements shall not exceed the term of the Premises Leasing Master Agreement (or its renewed term).

The interpretation of the provisions of the Implementation Agreement shall be consistent with the interpretation of the Premises Leasing Master Agreement. If any of the provisions of any Implementation Agreement conflict with any provisions of the Premises Leasing Master Agreement, the provisions of the Premises Leasing Master Agreement shall prevail.

Rental, the Premises Related Fees and Charges and payment terms: The rental, the basis of rental payable and the exact date of rental payment in respect of each premises to be provided by Ms. Leong and/or her associates to the Group, and if appropriate the relevant building management fees, utility charges, air conditioning services charges, electrical and mechanical (“E&M”) services charges and any other charges in respect of each premises to be charged by Ms. Leong and/or her associates, shall be set out in the relevant Implementation Agreements and must be fair and reasonable to the Group and on normal commercial terms.

Rental

The relevant rental of each premises shall not be higher than the rental for the same or comparable type of premises provided by independent third parties in the ordinary course of business. The terms and conditions on which such premises are to be provided by Ms. Leong and/or her associates should be no less favourable to the Group than those offered by independent third parties.

The relevant rental for each premises will be subject to the review and mutual agreement by the parties to the relevant Implementation Agreement, provided that an independent property valuer to be appointed by the parties to the Implementation Agreement confirms that such updated rental is not higher than the market rent.

Premises Related Fees and Charges

The Premises Related Fees and Charges in respect of each premises shall be payable by Ms. Leong and/or her associates or by the Group as the parties to the Premises Leasing Master Agreement may agree and in accordance with normal market practices.

If any of the Premises Related Fees and Charges is payable by the Group and the party receiving the same is Ms. Leong and/or her associates, the amount of the relevant Premises Related Fees and Charges payable by the Group in respect of the relevant premises shall be made in accordance with and not exceeding the relevant Market Price or, where there is no relevant Market Price, then on terms negotiated between the relevant parties at arm's length. For services other than the E&M services, the relevant Premises Related Fees and Charges are calculated based on proportionate usage of the relevant services by the Group in the relevant premises with reference to actual billings from the independent third party management company, utility companies and related service providers charged to Ms. Leong and/or her associates, which will be reviewed by the management of the Group from time to time. For the E&M services, the services charges will be determined with reference to the actual costs for provision of similar services by the Group in comparable premises.

If any of the Premises Related Fees and Charges is payable by the Group and the party receiving the same is an independent third party not connected with Ms. Leong nor any of her associates, the amount of the relevant Premises Related Fees and Charges payable by the Group in respect of the relevant premises shall be made based on the actual billings from the management company, utility companies and related service providers.

Maintenance and repair of the premises:

The costs of maintenance and repair of the premises shall be borne, as set out in the Implementation Agreements, by the relevant member of the Group as tenant/lessee in the case of regular maintenance and repair of usage deterioration and by Ms. Leong or her relevant associate as landlord/lessor in the case of structural repair required to maintain the integrity of the premises.

Non-exclusivity and priority given by Ms. Leong and/or her associates:

The Premises Leasing Master Agreement does not restrict any member of the Group from renting premises from other third parties.

The provision of premises by Ms. Leong and/or her associates is on a non-exclusive basis and Ms. Leong and/or her associates may provide premises to other third parties, subject always to the obligation that Ms. Leong and/or her associates give priority to lease those premises required by the Group in accordance with the Premises Leasing Master Agreement.

Condition precedent:

The Premises Leasing Master Agreement is subject to and conditional on the fulfillment of the requirements of the Listing Rules and any conditions imposed by the Stock Exchange.

(B) THE ANNUAL CAPS

Set out below are the historical transaction amount of the existing leases under the Existing Premises Leasing Master Agreement for each of the two years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 and the Annual Caps for each of the three years ending 31 December 2017, 2018 and 2019 (the “**Relevant Period**”).

	For the year ended 31 December		For the nine months ended 30 September
	2014	2015	2016
	(audited)	(audited)	(unaudited)
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Existing leases under the Existing Premises Leasing Master Agreement	158.6	158.6	121.6
	For the year ending 31 December		
	2017	2018	2019
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
The Annual Caps	184	184	150

The Annual Caps are determined by reference to (i) the existing leases entered between the Group and Ms. Leong and/or her associates under the Existing Premises Leasing Master Agreement; (ii) the expected renewals of the existing leases under the Existing Premises Leasing Master Agreement during the Relevant Period; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the estimated Premises Related Fees and Charges payable to Ms. Leong and/or associates; and (v) a buffer of 10% for any unanticipated fluctuations of market rental (including property management fee, if applicable) and any unexpected fees and charges incidental to the transactions contemplated under the Premises Leasing Master Agreement as well as any additional leases to be entered pursuant to the Premises Leasing Master Agreement in the Relevant Period.

(C) REASONS FOR AND BENEFITS OF THE ENTERING INTO THE PREMISES LEASING MASTER AGREEMENT

The Group's core business is the development and operation of casinos and related facilities in Macau. Ms. Leong and/or her associates currently own a number of properties (including, among others, the Jai Alai building and sites in Macau) in which the Group operates. The Board (including the independent non-executive Directors) considers that leases of premises under the Premises Leasing Master Agreement are a necessary component of the Group's ongoing business. The Board (including the independent non-executive Directors) considers the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group. The Board (excluding Ms. Leong but including the independent non-executive Directors) considers that the terms of the Continuing Connected Transactions (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. The Group will consider, among other factors, location, quality and condition of the relevant premises, rent and duration of the relevant leases and requirements of the Group before entering into the Implementation Agreements.

(D) LISTING RULES IMPLICATIONS

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. Accordingly, the transactions as contemplated under the Premises Leasing Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (other than the profits ratio) as defined in the Listing Rules as determined by reference to the Annual Caps, on an annual basis, exceed 0.1% but all applicable percentage ratios are less than 5%, 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 Ms. Leong, none of them have a material interest in the Premises Leasing Master 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 proposing the Premises Leasing Master Agreement.

(E) DEFINITIONS

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

- “Annual Caps” : the annual maximum aggregate value for the transactions contemplated under the Premises Leasing Master Agreement for each of the three years ending 31 December 2017, 2018 and 2019, details of which are set out in the section headed “The Annual Caps” in this announcement
- “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 Stock Exchange
- “connected person(s)” : has the meaning ascribed to it under the Listing Rules
- “Continuing Connected Transactions” : the transactions contemplated under the Premises Leasing Master Agreement
- “Director(s)” : the director(s) of the Company
- “Existing Premises Leasing Master Agreement” : the premises leasing master agreement dated 22 November 2013 entered into between Ms. Leong and the Company in relation to the leases of premises owned by Ms. Leong and/or her associates to the Group
- “Group” : the Company and its subsidiaries
- “Hong Kong” : the Hong Kong Special Administrative Region of the People’s Republic of China
- “Implementation Agreement(s)” : the implementation agreement(s) entered into or to be entered into between members of the Group and Ms. Leong and/or her associates as governed by the Premises Leasing Master Agreement
- “Jai Alai building” : the shops and areas of the entire building located in Macau, at Zona de Aterros do Porto Exterior (ZAPE) N° S/N, Jai Alai (including the building and other ancillaries erected thereon), which is commonly known as “Jai Alai building”
- “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 in their ordinary course of business for the provision of the same or comparable type of services in the place where such services are provided or in the vicinities thereof
- “Ms. Leong” : Deputada Leong On Kei, Angela, a Director
- “Premises Leasing Master Agreement” : the premises leasing master agreement dated 14 December 2016 entered into between Ms. Leong and the Company in relation to the leases of premises owned by Ms. Leong and/or her associates to the Group
- “Premises Related Fees and Charges” : the building management fees, utility charges, air conditioning services charges, electrical and mechanical services charges and any other charges as set out under the Premises Leasing Master Agreement
- “Share(s)” : the ordinary share(s) in the share capital of the Company
- “Shareholder(s)” : the holder(s) of the Share(s) in issue
- “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, 14 December 2016

As at the date of this announcement, the executive Directors 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 is Dr. Cheng Kar Shun and the independent non-executive Directors are Mr. Chau Tak Hay, Dr. Lan Hong Tsung, David, Hon. Shek Lai Him, Abraham and Mr. Tse Hau Yin.