

The Board of Directors
SJM Holdings Limited
18th Floor, China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Savills (Macau) Limited
Suite 1309-1310
13/F, Macau Landmark
555 Avenida da Amizade
Macau

T: (853) 2878 0623
F: (853) 2878 1805

savills.com.mo

6 June 2022

Dear Sirs,

RE: OCEANUS BUILDING (FORMERLY KNOWN AS NEW YAOHAN), TRAVESSA DO RESERVATORIO NOS. 33 – 95, MACAU (THE “PROPERTY”)

INSTRUCTION

In accordance with the instructions from SJM Holdings Limited and its subsidiary, SJM Resorts, S.A. (hereinafter together referred to as the “Group”) for us to value the Property situated in Macau to be acquired by the Group for owner occupation purpose, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 16 May 2022 (the “Valuation Date”) for the purposes of inclusion in a public circular to be issued by the Group on 6 June 2022 in relation to a connected party transaction.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the Property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.



Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Franco Liu (“Mr. Liu”) who is the Managing Director of Savills (Macau) Limited (“SML”). Mr. Liu is a Member of the HKIS with about 25 years’ experience in valuation of properties in China, Hong Kong and Macau and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation service in respect of the Property, SML and Mr. Liu had not been involved in valuation of the Property in the last 12 months.

We are independent of the Group and Centro Comercial Jai Alai, Limitada. We are not aware of any instances which would give rise to potential conflict of interest from SML or Mr. Liu in the subject exercise. We confirm SML and Mr. Liu are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGIES

In valuing the non-gaming portion of the Property, we have adopted the market approach assuming sales with benefit of vacant possession in its existing states by reference to sales and leasing transactions of comparable properties as available in the market.

In valuing the gaming portion of the Property, we have adopted the income approach, which is effectively based on discounting future amounts of cash flow to present value. In preparing our analysis, the income and expenses receivable from the Valuation Date until 31 December 2032 are itemized and projected annually taking into account the historical operating accounts and the expected growth of income and expenses as provided by the Group. The net cash flows are then discounted at our adopted rate that reflect the rates of return that adequately compensate the investors for the risk taken.

TITLE INVESTIGATION

We have not been provided with copies of title documents relating to the Property, but we have caused title search to be made at the Real Estate Registry (物業登記局). We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisors.

SOURCE OF INFORMATION

We have relied to a considerable extent on the information and advice from the Group on such matters as tenure, floor plans, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We shall undertake no responsibility as their accuracy. We consider that we have been provided with sufficient information to reach an informed view.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that Centro Comercial Jai Alai, Limitada has good legal title to the Property and has free and uninterrupted rights to occupy, use, transfer, lease or assign the Property for the whole unexpired term granted without legal impediment. Unless otherwise stated, upon the expiration of the term, it is assumed that the legal title is renewable for further consecutive periods of 10 years until 19 December 2049, subject to the applicable legislation in Macau, however, we have not taken into account the cost to be expended to that effect.

Unless otherwise stated, we have assumed that the Property can be sold in the open market in its existing state without any effect of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no allowance is made for the Property to be sold to a single party and/or as a portfolio or portfolios.

In addition, no allowance has been made in our valuation for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Other special assumptions have been stated in the footnotes of the valuation report.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Property. The inspection was carried out on 13 May 2022 by our Associate Director, Mr. Ken Leong, who is a member of the Royal Institution of Chartered Surveyors with over 10 years' experience in valuation of properties in Macau. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services. We have not carried out on-site measurements to verify the correctness of the site and floor areas in respect of the Property concerned.

Our valuation is prepared on the assumption that these aspects are satisfactory, and that the Property is finished and maintained in reasonable condition commensurate with its uses and age, without any unauthorised structures or alterations, and no reinstatement cost nor additional premium has been taken into account, and that all consents, approvals and licenses from the relevant government authorities for the operation of the Property have been granted. Nevertheless, it is recommended to consult professional building surveyors and or other relevant professionals as necessary.

LIMITING CONDITIONS

In accordance with our standard practice, we must state that this letter and valuation report are for the use of the Group for the purposes of inclusion in a public circular to be issued by the Group on 6 June 2022 in relation to a connected party transaction. Neither the whole or any part of this letter and valuation report nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars ("HK\$"). The exchange rate adopted in this report is HK\$1 to MOP1.03, which is prevailing as of the Valuation Date.

Our valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Savills (Macau) Limited



Franco P L Liu
BSc (Hons), MRICS, MHKIS, RPS(GP), MCIREA
Managing Director
Valuation and Professional Services

Notes:

- 1) Mr. Franco Liu is a professional surveyor who has over 25 years' experience in the valuation of properties in China, Hong Kong and Macau and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.
- 2) Prior to the subject valuation exercise, we have not been involved in valuation of the Property for the past 12 months.

VALUATION REPORT

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 16 May 2022								
<p>Oceanus Building (formerly known as New Yaohan), Travessa do Reservatorio Nos. 33 – 95, Macau</p>	<p>The Property is a commercial development currently operated as a casino known as “Oceanus Building”, being erected on a parcel of land with a site area of approximately 6,952.00 sq m.</p> <p>It is bounded by Avenida da Amizade (友誼大馬路) to the east, Rua do Terminal Marítimo (海港街) to the south, Travessa do Reservatorio (水塘巷) to the west and Avenida do Dr. Rodrigo Rodrigues (羅理基博士大馬路) to the north, Macau.</p> <p>According to the information provided by the Group, the Property is a 5-storey (including a basement level) commercial development currently occupied as a casino. The basement level is mainly occupied for parking, loading and unloading purposes, whilst the ground floor, first, second and third floor are designated for gaming uses together with food and beverage outlets and back of house facilities. Two overhead footbridges leading to Macau Ferry Terminal (外港客運碼頭) and Jai Alai (回力) are connected to the first floor.</p> <p>As per the Group’s specific instruction, the total gross floor area of the Property is approximately 39,242.00 sq m, the breakdown of which is set out below:-</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Gaming</td> <td style="text-align: right;">13,576.00</td> </tr> <tr> <td>Non – Gaming</td> <td style="text-align: right;">25,666.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">39,242.00</td> </tr> </tbody> </table> <p>The Property is held under Concessão Por Arrendamento (政府租賃批地) for a lease term of 10 years commencing on 1 February 2016.</p>	Portion	Approximate Gross Floor Area (sq m)	Gaming	13,576.00	Non – Gaming	25,666.00	Total	39,242.00	<p>As advised by the Group, the Property was subject to a tenancy expiring on 31 December 2022 at a monthly rental of approximately HK\$9,602,000 (MOP9,890,060) (exclusive of government rates and rent, utility charges and other outgoings, with the Group being responsible for internal and facade repairing obligations).</p>	<p>HK\$1,906,000,000 HONG KONG DOLLARS ONE BILLION NINE HUNDRED AND SIX MILLION</p>
Portion	Approximate Gross Floor Area (sq m)										
Gaming	13,576.00										
Non – Gaming	25,666.00										
Total	39,242.00										

Notes:

1. Pursuant to the title search (物業登記書面報告) as obtained from the Real Estate Registry (物業登記局), the Property is registered as no. 22169. The registered concessionaire of the Property is Centro Comercial Jai Alai, Limitada, whereas the occupation permit of the Property was granted in 1992, and no material encumbrance is registered against the Property.
2. The gaming and non-gaming portions, which make up the entirety of the Property, are both registered at the Real Estate Registry (物業登記局) as no. 22169, which cannot be transferred on a standalone base as at the Valuation Date. In accordance with the Company's legal opinion, in the absence of a strata title for both the gaming and non-gaming portions of the Property, both the reversion to the Government of the gaming portion, and the acquisition of the non-gaming portion will have to be made by reference to an ideal quota of the Property correspondent to a percentage of the total property area for each portion, calculated in the present case in accordance with the area size of the gaming portion to be determined by the Government. The Property will be owned in the regime of co-ownership, by both co-owners, and this is a concept well understood and accepted in Macau. We have not taken into account the cost to be expended to that effect.
3. As per the Group's specific instruction, the Property is currently occupied as a casino by SJM Resorts, S.A. ("SJM Resorts"), the gaming concessionaire. There is no reasonable ground to believe that SJM Resorts will not be able to extend or obtain a new gaming concession after the date of the expiration of its current gaming licensed period. In the course of our valuation, upon expiry of the SJM Resorts gaming concession on 26 June 2022, it is assumed that:
 - i) the gaming concession will be extended to 31 December 2022, then;
 - ii) a new gaming concession to be granted to SJM Resorts for a term of 10 years;
 - iii) the terms and conditions stated therein the gaming concession will remain substantially unchanged;
 - iv) the new gaming concession fee and/or any administrative fee (if any) will be fully paid and settled by internal source of fund. In the course of valuation, the fee for the new gaming concession and any administrative fee were not taken into account because the aforesaid fees cannot be reasonably estimated since the relevant information has not been disclosed by the Macau Government. In any event, such fees would be payable by SJM Resorts in respect of all its gaming operations and there is no separate fee for the gaming portion of the Property;
 - v) under the new gaming concession, SJM Resorts is entitled to exploit casino gaming at the gaming portion of the Property;
 - vi) upon expiry of the SJM Resorts gaming concession in 2032, it is assumed that the gaming portion of the Property shall revert to the Macau government without compensation;
 - vii) most importantly, Macau will remain the only city in China to offer legalised casino gaming; and
 - viii) all financial documents (include but not limited to summary of profit and loss account, budget forecast, etc.) and area schedule and floor plans as provided by SJM Resorts are true, accurate and reliable.
4. We caution you that the First Draft of Reversion Bill to Macau Gaming Law (Law no. 16/2001) is currently under discussion in Macau Legislative Assembly, for example, address the following partial proposed amended issues in the aforesaid draft Bill:
 - **Concession term:** maximum concession term is 10 years plus 3 years after the completion of the concession with a reasonable reason approved by the Chief Executive.
 - **Scope of casino portion:** scope of casino portion that it should be located in the property of the relevant concessionaire and which area and relevant facilities stipulated in accordance with the Gaming Law should be clearly identified and defined.
 - **Casino portion operation:** prohibited to impose, in any title, transfer or transfer of the right to operate casino portion in whole or in part to a third party, and prohibited to transfer or transfer of the right of concessionaire which statutory rights and obligations in relation to gaming or concession contract in whole or in part to a third party.

- **Reverse assets:** upon the expiry of the concession, the casino portion with all facilities and equipment should be reversed to the government.

The above terms of assumption of this valuation report will be subject to change in accordance with the final approved Revision Law of Macau Gaming Law. We will not take any liability in the event that there is a material difference between the assumptions and the final approved Revision Law of Macau Gaming Law. You and your company are fully aware and agree that you and your company have no rights to claim against us because of a situation where the terms of assumption are materially different to the final approved Revision Law of Macau Gaming Law, you and your company also completely waive any relevant rights of claim (if any) in any jurisdiction.

5. As per the Group's specific instruction, in the course of our valuation, we have assumed that the gaming portion of the Property together with its 181 gaming tables and 289 slot machines would have been approved by the government and be retained for their continuous operation as at the Valuation Date until 31 December 2032 (approximately 10.6 years), subject to the above-mentioned specific assumptions as stated. Furthermore, fixtures, fittings, furniture and stock together with the equipment and utensils, as well as all necessary licenses, fire certificates, etc., which are necessary for the operation of a casino in Macau under the provisions of relevant legislation are to be included in any sale.
6. As per the Group's specific instruction, in the course of our valuation, we have assumed that general commercial uses for the non-gaming portion of the Property would be continuous to be permitted as at the Valuation Date until 19 December 2049, subject to the applicable legislation in Macau.

7. The breakdown of Market Value for the two portions of the Property as at the Valuation Date are set out below: -

Portion	Market Value (HK\$)
Gaming	as at 16 May 2022
Non-Gaming	\$1,390,000,000
	\$516,000,000

8. As per the Group's specific instruction, as at the Valuation Date, there is no plans for substantial construction, renovation, improvement, development or change of uses of the Property. In the course of our valuation, it is assumed that the Property is without any unauthorised structures or alterations, and no reinstatement cost nor additional premium has been taken into account.
9. In the course of our valuation, we have assigned no commercial value to the roof of the Property.
10. In the course of our valuation, we have not taken into account the cost to be expended (if any) to bring the existing tenancy for the Property to an end as at the Valuation Date.
11. The outbreak of COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, and the measures taken to tackle COVID-19 have impacted many aspects of daily life and continues to affect Macau's economy – with the real estate market experiencing significantly lower level of transactional activity and liquidity. If any party intends to make reference to our valuation when entering into any transaction, he must beware of the high market volatility during this period. Consequently, a higher degree of caution should be attached to our valuation than would normally be the case. For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date.
12. According to Macau SAR Urban Master Plan (2020-2040) (澳門特別行政區城市總體規劃(2020-2040)), the Property falls within one of the defined areas designated for tourism purposes.