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Macau | Pansy Ho and Fok Foundation partnership draws mixed reactions from analysts

By Yi Wei Wong



Macua (MNA) – The alliance between entities owned by Pansy Ho Chiu King and the Fok Foundation – the foundation founded by late businessman Henry Fok – to altogether collectively own 53.012 per cent of Sociedade de Turismo e Diversões de Macau (STDM) is seen by analysts as an effort for Pansy Ho to head the future of STDM.

However, analysts differ on their predictions concerning the direction this move sets for the company.

A day after the announcement was made on the [Hong Kong stock exchange](#) (HKEX), stock prices for SJM Holdings (for which STDM is the holding company) increased close to 10 per cent to HK\$7.96 (US\$1.01) while Shun Tak Holdings rose as much as 7.7 per cent in Hong Kong to HK\$2.79.

Under the new arrangement, the Fok Foundation holds 26.57 per cent of STDM's shares, Lanceford holds 10.53 per cent, Shun Tak Holdings holds 4.97 per cent.

Interdragon and Pansy Ho hold 10.79 per cent and 0.11 per cent, respectively.

One of the original founders of gaming group STDM in 1962, Henry Fok founded the Fok Foundation in 1977, having transferred his STDM shares to the group in the early 2000's.

Henry Fok passed away in 2006.

Interdragon is owned by Shun Tak Holdings and STDM while Lanceford is co-owned by Pansy Ho and her siblings.

The combined stake held by Pansy Ho and the Fok family interests are higher than those held by Angela Leong On Kei, Stanley Ho Hung Sun's fourth wife, who holds 8.62 per cent.

All the parties concerned will also work toward extending the gaming concession held by SJMSA, a subsidiary of SJM Holdings, which will expire in 2020.

Stanley Ho had stepped down as SJM Holdings [chairman](#) on June 12, 2018, leaving Daisy Ho Chiu-fung as vice-chairman.

Bane or boon

Analysts from Sanford C. Bernstein remain skeptical on views that this arrangement would benefit STDM, writing, 'The hope that the Pansy Ho – Fok alliance can change the direction of SJM is just that at this stage – "hope".'

Bernstein's analysts believe that the governance issues affecting SJM Holdings as well as the firm being late to develop a property on Cotai, which would not open until late 2019 in the best case scenario, means that SJM Holdings will continue to underperform.

SJM Holdings is also viewed as not having enough experience to run a property of such scale by Bernstein.

The reason given for this by the brokerage is the view that the current leadership arrangement presents three different interests.

Bernstein writes, 'a hydra-like three headed co-chairman group and the elevation of entrenched management was not an indication that any shake up at the company for the benefit of independent shareholders forthcoming. The byzantine corporate ownership and governance structure of SJM is not alleviated by this agreement.'

The current leadership structure is split between four individuals, namely Daisy Ho, Timothy Fok, the son of Henry Fok, Angela Leong and Ambrose So (Chief Executive Officer of SJM) had also been elevated to Vice-Chairman (while retaining his CEO role).

However, Ben Lee from gaming research firm IGamiX Management & Consulting Ltd holds a more positive view of the leadership changes, telling MNA that the leadership changes was part of a “compromise” arising from the old family squabble that has taken place many years ago over the Stanley Ho gaming empire.

“In terms of outcome, we actually think this will benefit SJM tremendously. Because in the past, the whole SJM/STDM/ Shun Tak empire was one. Shun Tak went to Pansy who then allied with MGM, and SJM lost a lot of its gravity,” explained Mr. Lee.

Lee explains that the current leadership actually already was under the strong influence of Pansy Ho, telling MNA, “there is no clear lead [for SJM Holdings] although Ambrose is there in the seat, we believe that he is a compromised figure and has not had much of the way of authority to do anything strategic.”

“Pansy has been very instrumental in the development of MGM in Macau. She has gained significant hands-on experience. [...] She controls Shun Tak, which basically controls all the ingress and egress (inbound and outbound) logistics of Macau and with her at the top of SJM, it basically means the whole empire of SJM/STDM/Shun Tak will once again achieve significant gravity and critical mass and be able to move forward again.”

The analyst also says that there have been signs and “chatter” this was the plan all along, with Pansy Ho strategically reducing her stake in MGM China in two separate tranches, which he believes will be reduced to below 5 per cent.

Ho is required to hold a stake of below 5 per cent in MGM China in order to take over a larger share of SJM Holdings due to both firms being competitors.

The Cotai Plot

Another issue that could further complicate any leadership ambitions is the land plot that is owned by Macau Theme Park and Resorts Limited (MTPR), which is connected to Angela Leong and located south of SJM Holding’s land plot meant for Cotai Grand Lisboa Palace.

The land plot will be developed into a **family-friendly theme park** named Lisboeta by Angela Leong’s son Arnaldo Ho Yau Seng, with a total cost of around HK\$5 billion.

In the event Angela Leong is ousted from SJM Holdings, Bernstein believes that may come at a cost to the company – in other words, an acquisition of Lisboeta and the land plot may be part of the conditions of a possible exit.

*With Nelson Moura

