



澳門博彩控股有限公司 SJM HOLDINGS LIMITED

於香港註冊成立的有限責任公司
incorporated in Hong Kong with limited liability

股份代號：880
Stock Code : 880

INTERIM REPORT 中期報告 2020



ABOUT US

SJM Holdings Limited (the “Company”) is the holding company of Sociedade de Jogos de Macau, S.A. (“SJM”), one of the six companies authorised to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Government of the Macau Special Administrative Region (“Macau”) in March 2002, the expiry date of which has been extended from March 2020 to June 2022. SJM is the only casino gaming concessionaire with its roots in Macau.

SJM’s casinos are located in prime locations on the Macau Peninsula and Taipa and convenient to principal entry points. Gaming operations comprise VIP gaming, mass market table gaming and slot machines.

The Grand Lisboa Palace, SJM’s integrated resort on Cotai, completed construction in the fourth quarter of 2019 and began the process of obtaining the necessary operating licenses. The Grand Lisboa Palace will feature a total of approximately 1,900 hotel rooms and suites, facilities for meetings and conferences, shopping, dining and entertainment, and a casino.

As at 30 June 2020, SJM operated 20 casinos, comprising more than 1,040 gaming tables and over 1,080 slot machines.

CONTENTS

FINANCIAL AND OPERATING HIGHLIGHTS

- 2 Financial Highlights
- 2 Operating Highlights

MANAGEMENT DISCUSSION & ANALYSIS

- 3 Business Review
- 10 Prospects and Recent Developments
- 12 Financial Review

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- 14 Report on Review of Condensed Consolidated Financial Statements
- 15 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 16 Condensed Consolidated Statement of Financial Position
- 18 Condensed Consolidated Statement of Changes in Equity
- 19 Condensed Consolidated Statement of Cash Flows
- 20 Notes to the Condensed Consolidated Financial Statements

REGULATORY COMPLIANCE INFORMATION

- 53 Disclosure of Interests
- 57 Share Option Scheme
- 62 Directors' Biographical Details Update
- 63 Other Regulatory Compliance Information

GENERAL INFORMATION

- 64 Corporate Information
- 65 Definitions

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2020 (HK\$ million) (unaudited)	2019 (HK\$ million) (unaudited)
Total Group net revenue	4,374	17,074
Net gaming revenue	4,272	16,720
Adjusted EBITDA*	(984)	2,078
(Loss) profit attributable to owners of the Company	(1,412)	1,679
(Loss) earnings per share		
basic	HK(24.9) cents	HK29.6 cents
diluted	HK(24.9) cents	HK29.6 cents

* Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment, share-based payments, sub-concession fee income and pre-opening expenses.

OPERATING HIGHLIGHTS

- First half results of the Group were severely impacted by the COVID-19 outbreak, which led to closure of Macau casinos for 15 days in February, as well as ongoing restrictions on entry from the Mainland, Hong Kong and other locations, curtailment of transportation channels and quarantine requirements. The Group's net gaming revenue decreased by 74.4%, Adjusted EBITDA and profit attributable to owners of the Company decreased by 147.3% and 184.1%, respectively, from the year-earlier period, whilst the Group's Adjusted EBITDA Margin decreased to negative 22.5% from 12.2%.
- Mass market gross table gaming revenue of the Group decreased by 73.5% and VIP gross gaming revenue showed a decrease of 81.6% during the first half of 2020, compared with the year-earlier period. During the same period, slot machine gross revenue decreased by 59.2% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. had a 15.0% share of Macau's gaming revenue, including 22.0% of mass market table gross gaming revenue and 8.6% of VIP gross gaming revenue.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$7,511 million as at 30 June 2020.
- The Group's flagship Casino Grand Lisboa decreased gross gaming revenue by 80.7%, Adjusted Casino Grand Lisboa EBITDA and attributable profit decreased by 131.2% and 141.4%, respectively, as compared with the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa decreased by 75.9% from the year-earlier period to 18.9%. Average daily room rate increased during the period by 9.5% to HK\$1,628.
- Following completion of construction work on the Grand Lisboa Palace in late 2019, the Group began the inspection and application process with the Macau Government. Subject to obtaining the necessary operating permits, the project is expected to open by the end of 2020.

BUSINESS REVIEW

(All amounts expressed in Hong Kong dollars unless otherwise stated)

GROUP OPERATING RESULTS

The Group's results, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2020 ("the Reporting Period") and for the year-earlier period are shown below:

Group operating result	For the six months ended 30 June		(Decrease)
	2020 HK\$ million	2019 HK\$ million	
Total net revenue	4,374	17,074	(74.4%)
Net gaming revenue	4,272	16,720	(74.4%)
(Loss) profit attributable to owners of the Company	(1,412)	1,679	(184.1%)
Adjusted EBITDA ¹	(984)	2,078	(147.3%)
Adjusted EBITDA Margin ²	(22.5%)	12.2%	

¹ Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment, share-based payments, sub-concession fee income and pre-opening expenses.

² Adjusted EBITDA Margin is Adjusted EBITDA divided by total net revenue.

During the Reporting Period, the Group's gross gaming revenue amounted to approximately 15.0% of total gaming revenue in Macau, compared with 14.1% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

The results for the Reporting Period were affected by deductions of share-based payments of \$1 million, as compared with \$3 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$507 million, as compared to \$558 million in the corresponding period last year.

BUSINESS REVIEW

The Group's operating results for the six months ended 30 June 2020, as compared to the six months ended 30 June 2019, are as follows:

OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended		
	30 June		(Decrease)
	2020	2019	
Gross gaming revenue (HK\$ million)	1,368	7,455	(81.6%)
Average daily net-win per VIP gaming table (HK\$)	39,773	143,010	(72.2%)
VIP chips sales (HK\$ million)	37,303	241,347	(84.5%)
Average number of VIP gaming tables (Average of month-end numbers)	206	288	(28.5%)

VIP gaming operations accounted for 28.0% of the Group's total gross gaming revenue in the Reporting Period, as compared to 36.5% for the corresponding period last year. As at 30 June 2020, SJM had 192 VIP gaming tables in operation with 14 VIP promoters, as compared with 275 VIP gaming tables and 15 VIP promoters as at 31 December 2019.

The Group's gross gaming revenue from VIP gaming operations amounted to approximately 8.6% of total VIP gaming revenue in Macau, compared to 10.7% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 3.67%, as compared with 3.09% in the corresponding period last year.

BUSINESS REVIEW

OPERATING RESULTS — MASS MARKET TABLE GAMING

Gross gaming revenue from mass market table gaming operations comprised 67.2% of the Group's total gross gaming revenue in the Reporting Period, as compared to 60.7% in the corresponding period last year. Operating results for the Reporting Period are as follows:

Mass market operations	For the six months ended 30 June		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	3,291	12,402	(73.5%)
Average daily net-win per mass market gaming table (HK\$)	22,422	47,158	(52.5%)
Average number of mass market gaming tables (Average of month-end numbers)	879	1,453	(39.5%)

In the Reporting Period, the Group's gross gaming revenue from mass market table gaming operations amounted to approximately 22.0% of total mass market table gaming revenue in Macau, compared to 18.2% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 851 mass market gaming tables in its casinos as at 30 June 2020, as compared with 1,511 mass market gaming tables as at 31 December 2019.

OPERATING RESULTS — SLOT MACHINES AND OTHER GAMING OPERATIONS

Gross gaming revenue from slot machine operations, which include other electronic gaming machines, comprised 4.8% of total gross gaming revenue in the Reporting Period, as compared to 2.8% in the corresponding period of last year. Operating results for the Reporting Period are as follows:

Slot machine operations	For the six months ended 30 June		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	235	575	(59.2%)
Average daily net-win per slot machine (HK\$)	1,031	1,220	(15.6%)
Average number of slot machines (Average of month-end numbers)	1,364	2,603	(47.6%)

In the Reporting Period, the Group's gross gaming revenue from slot machine operations amounted to approximately 12.2% of total slot machine revenue in Macau, compared to 7.9% in the corresponding period last year, according to figures from DICJ.

SJM had 1,084 slot machines, operating in 11 of its casinos, as at 30 June 2020 as compared with 2,439 slot machines as at 31 December 2019.

BUSINESS REVIEW

OPERATING RESULTS — CASINO GRAND LISBOA

Casino Grand Lisboa	For the six months ended 30 June		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	1,326	6,859	(80.7%)
(Loss) profit attributable to the Group (HK\$ million)	(446)	1,077	(141.4%)
Adjusted Casino Grand Lisboa EBITDA ³ (HK\$ million)	(369)	1,186	(131.2%)
Adjusted Casino Grand Lisboa EBITDA Margin (over gross gaming revenue)	(27.9%)	17.3%	

³ Adjusted Casino Grand Lisboa EBITDA is earnings before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment, share-based payments and sub-concession fee income, and before elimination of inter-company consumption.

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the six months ended 30 June		
	2020	2019	(Decrease)
VIP operations			
Gross gaming revenue (HK\$ million)	742	3,948	(81.2%)
Average daily net-win per VIP gaming table (HK\$)	43,572	183,313	(76.2%)
VIP chips sales (HK\$ million)	20,838	127,330	(83.6%)
Average number of VIP gaming tables (Average of month-end numbers)	102	119	(14.3%)
Mass market operations			
Gross gaming revenue (HK\$ million)	516	2,689	(80.8%)
Average daily net-win per mass market gaming table (HK\$)	23,964	53,636	(55.3%)
Average number of mass market gaming tables (Average of month-end numbers)	129	277	(53.4%)
Slot machine operations			
Gross gaming revenue (HK\$ million)	67	222	(69.6%)
Average daily net-win per slot machine (HK\$)	965	1,504	(35.8%)
Average number of slot machines (Average of month-end numbers)	418	815	(48.7%)

Casino Grand Lisboa received over 1.2 million visitors during the Reporting Period, an average of approximately 6,600 visitors per day compared with approximately 6.3 million visitors during the first half of 2019, or approximately 35,000 visitors per day.

BUSINESS REVIEW

OPERATING RESULTS — OTHER SELF-PROMOTED CASINOS

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai building), Casino Eastern and Casino Taipa (collectively, "Other Self-promoted Casinos").

Other Self-promoted Casinos	For the six months ended		
	30 June		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	864	3,025	(71.4%)
(Loss) profit attributable to the Group (HK\$ million)	(541)	424	(227.6%)
Adjusted EBITDA (HK\$ million)	(346)	584	(159.2%)
Adjusted EBITDA Margin (over gross gaming revenue)	(40.0%)	19.3%	

Operating results of Other Self-promoted Casinos are as follows:

Other Self-promoted Casinos	For the six months ended		
	30 June		
	2020	2019	(Decrease)
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	92	580	(84.2%)
Average daily net-win per VIP gaming table (HK\$)	30,545	145,654	(79.0%)
VIP chips sales (HK\$ million)	2,287	17,611	(87.0%)
Average number of VIP gaming tables (Average of month-end numbers)	18	22	(18.2%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	703	2,292	(69.3%)
Average daily net-win per mass market gaming table (HK\$)	18,622	33,588	(44.6%)
Average number of mass market gaming tables (Average of month-end numbers)	226	377	(40.1%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	70	153	(54.4%)
Average daily net-win per slot machine (HK\$)	1,233	1,253	(1.6%)
Average number of slot machines (Average of month-end numbers)	338	673	(49.8%)

As at 30 June 2020, Casino Lisboa operated a total of 40 mass market gaming tables, 18 VIP gaming tables and 30 slot machines, and Casino Oceanus at Jai Alai operated a total of 125 mass market gaming tables and 231 slot machines, plus 40 mass market gaming tables and 37 slot machines in the gaming area of the Jai Alai building. Casino Eastern operated 15 mass market gaming tables. Casino Taipa operated 3 mass market gaming tables.

BUSINESS REVIEW

OPERATING RESULTS — SATELLITE CASINOS

As at 30 June 2020, SJM operated 15 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Landmark, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Million Dragon, Casino L'Arc Macau, Casino Legend Palace, Casino Macau Jockey Club, Casino Ponte 16 and Casino Royal Dragon. The 15 satellite casinos comprised a total of 514 mass market gaming tables, 78 VIP gaming tables and 510 slot machines as at 30 June 2020.

Thirteen of SJM's satellite casinos are located on the Macau Peninsula and two satellite casinos are located on the island of Taipa. Satellite casinos are operated in accordance with service agreements between SJM and third party promoters.

Satellite Casinos	For the six months ended		
	2020	2019	(Decrease)
	30 June		
Gross gaming revenue (HK\$ million)	2,704	10,548	(74.4%)
(Loss) profit attributable to the Group (HK\$ million)	(105)	333	(131.5%)
Adjusted EBITDA (HK\$ million)	(76)	331	(123.1%)
Adjusted EBITDA Margin (over gross gaming revenue)	(2.8%)	3.1%	

Operating results of satellite casinos are as follows:

Satellite Casinos	For the six months ended		
	2020	2019	(Decrease)
	30 June		
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	534	2,927	(81.7%)
Average daily net-win per VIP gaming table (HK\$)	37,199	109,989	(66.2%)
VIP chips sales (HK\$ million)	14,178	96,406	(85.3%)
Average number of VIP gaming tables (Average of month-end numbers)	86	147	(41.5%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	2,072	7,421	(72.1%)
Average daily net-win per mass market gaming table (HK\$)	23,682	51,251	(53.8%)
Average number of mass market gaming tables (Average of month-end numbers)	524	800	(34.5%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	98	200	(51.2%)
Average daily net-win per slot machine (HK\$)	963	993	(3.0%)
Average number of slot machines (Average of month-end numbers)	608	1,115	(45.5%)

BUSINESS REVIEW

NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$84 million in revenue and negative \$100 million in Adjusted EBITDA to the Group as compared with \$256 million in revenue and \$13 million in Adjusted EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 18.9% for the Reporting Period, as compared with 94.8% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,628 as compared with \$1,487 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$23 million in revenue to the Group, compared with a contribution of \$102 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 19.7% for the Reporting Period as compared with 89.3% in the corresponding period last year, and the average room rate was \$1,022 as compared with \$1,152 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

(All amounts expressed in Hong Kong dollars unless otherwise stated)

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 outbreak that has spread throughout the world since January 2020 has had a materially adverse effect on our operating results in the first half of 2020. According to the Macau SAR Statistics and Census Service, visitation to Macau decreased by 68.9% during the first quarter of the year and by 99.5% in the second quarter, compared to the comparable periods in 2019. Visitation from Mainland China decreased by 69.2% in the first quarter of 2020 and by 99.3% in the second quarter. According to the DICJ, gross gaming revenue in Macau decreased by 60.0% in the first quarter of the year, and by 95.6% in the second quarter.

All casinos in Macau were closed from February 5 to February 20 and, since reopening, patrons are subject to a number of measures, including mandatory wearing of masks, completion of health declarations, temperature checks, and spacing of seats at table games and slot machines. Group and individual travel visas from the Mainland have been suspended by the Chinese government and most transportation channels to Macau have been curtailed or reduced. Visitors to Macau who are residents of the Mainland, Hong Kong, Taiwan or returning Macau residents are subject to mandatory 14-day quarantine requirements, whilst those of the above areas (except Macau residents) who have been to countries or areas outside China in the past 14 days or residents of other areas are not permitted to enter.

Beginning in June 2020 there was minor easing of restrictions. Upon satisfaction of health declaration and testing requirements, certain categories of visitors including students and non-resident workers of Chinese nationality can travel between Macau and the neighboring city of Zhuhai. Since 15 July 2020, quarantine requirements for visitors to Guangdong Province from Macau were relaxed. However, the mandatory quarantine requirement for those traveling between Hong Kong and Macau has been extended at least until September due to a recent increase of COVID-19 cases in Hong Kong. Regarding opening other areas of China and other visa categories for travel to Macau, it is expected that the process will be gradual and all visitors will need to test negative for COVID-19 before entering. At this time it is not possible to determine when travel restrictions will be lifted or whether they could be reintroduced if there are adverse developments in the pandemic situation.

PROSPECTS AND RECENT DEVELOPMENTS

GRAND LISBOA PALACE PROJECT

Construction work on the Grand Lisboa Palace, the Group's integrated resort on Cotai, was completed in late 2019 and application was made for the relevant licenses to begin operation in the second half of 2020.

When open, the Grand Lisboa Palace will comprise a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area will be devoted to a full range of non-gaming facilities, including hotel towers bearing the insignia "Grand Lisboa Palace", "Palazzo Versace" and "Karl Lagerfeld", totaling approximately 1,900 rooms, plus facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated total project cost of approximately \$39 billion.

In January 2020, the Company announced the signing of an agreement between SJM and NYH Gestão de Vendas a Retalho Limitada ("NYH") for NYH to set up a high-class department store on the second floor of the project's retail mall. The store will be under the brand or style "New Yaohan" and will cover approximately 15,500 square metres.

As at 30 June 2020, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$5.0 billion.

OUTLOOK

We expect that gross gaming revenues in Macau, as well as hotel, restaurant and other non-gaming activities that depend on tourism, will continue to be negatively impacted by COVID-19 for an indefinite period in the future. Whilst certain travel restrictions are likely to be gradually lifted, and that visitation and spending will respond positively to such lifting, we do not expect a return to our previous level of revenue during any part of 2020. In particular, it is not known when China's group and individual travel visas, which are critical to Macau's tourist flow, will be reinstated on a national basis. Even after such visa resumption, moreover, it is not possible to predict whether there will be lingering economic effects and health concerns caused by COVID-19 that will affect our business for a longer period.

FINANCIAL REVIEW

(All amounts expressed in Hong Kong dollars unless otherwise stated)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong financial position, with bank balances and cash amounting to \$7,364 million (not including \$147 million pledged bank deposits) as at 30 June 2020. This represented a decrease of 49.2% as compared with the position as at 31 December 2019 of \$14,504 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2020 amounted to \$15,244 million (as at 31 December 2019: \$15,281 million). The maturity of the Group's borrowings as at 30 June 2020 is as follows:

	Maturity Profile		
	Within 1 year	1–2 years	Total
	15%	85%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less pledged bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, bank balances and cash)) was 17.7% at the end of the Reporting Period (as at 31 December 2019: not applicable).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$5.3 billion as at 30 June 2020 (as at 31 December 2019: \$7.1 billion), of which \$5.0 billion were for the Grand Lisboa Palace project. As at 30 June 2020, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

The Grand Lisboa Palace project and future projects will be funded by a combination of internal resources and debt financing. The exact investment plans for the Group's projects are subject to change based upon execution of the business plans, progress of the projects, market conditions and management's view of future business conditions.

PLEDGE OF ASSETS

As at 30 June 2020, certain of the Group's property and equipment and right-of-use assets with carrying values of \$33,300 million and \$1,865 million, respectively (as at 31 December 2019: \$31,901 million and \$1,887 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2020 (as at 31 December 2019: \$1,021 million).

FINANCIAL REVIEW

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2020, the total amount of guarantees of the Group given to banks of \$87 million (as at 31 December 2019: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 30 June 2020.

FINANCIAL RISK

The Group follows a conservative policy in financial management with minimal exposure to the risks of currency and interest rate. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. All of the Group's bank deposits are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy to avoid speculative trading activity.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the Reporting Period.

HUMAN RESOURCES

As at 30 June 2020, the Group had approximately 20,200 full-time employees. The Group's employee turnover rate was minimal in the first half of 2020.

Staff remuneration of the Group is determined by reference to their working performance, professional qualification, relevant working experience and market trends, and includes salary, allowances, medical insurance and provident fund.

The management of the Group regularly reviews the remuneration policy and evaluates staff performance. Staff are encouraged to attend training classes that are related to the Group's business. The Group provides training for career enhancement in the form of internal courses and workshops for staff, subsidies for education of staff at Macau Millennium College, and awards scholarships to children of staff to study at institutions of their choice.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
SJM HOLDINGS LIMITED

澳門博彩控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 15 to 52, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 July 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Gaming, hotel, catering, retail and related services revenues		4,374.1	17,074.3
Gaming revenue	4	4,272.1	16,720.2
Special gaming tax, special levy and gaming premium		(1,975.7)	(7,927.5)
Hotel, catering, retail and related services income		2,296.4	8,792.7
Cost of sales and services on hotel, catering, retail and related services		102.0	354.1
Other income, gains and losses		(109.7)	(189.5)
Marketing and promotional expenses		110.8	184.0
Operating and administrative expenses		(94.2)	(3,137.5)
Finance costs	5	(3,765.8)	(4,228.0)
Share of profits of an associate		(14.9)	(17.6)
Share of profits of a joint venture		7.4	2.1
		2.9	3.8
(Loss) profit before taxation	6	(1,465.1)	1,764.1
Taxation	7	(13.4)	(24.4)
(Loss) profit for the period		(1,478.5)	1,739.7
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		(287.8)	(40.7)
Total comprehensive (expense) income for the period		(1,766.3)	1,699.0
(Loss) profit for the period attributable to:			
owners of the Company		(1,412.4)	1,679.1
non-controlling interests		(66.1)	60.6
		(1,478.5)	1,739.7
Total comprehensive (expense) income for the period attributable to:			
owners of the Company		(1,700.2)	1,638.4
non-controlling interests		(66.1)	60.6
		(1,766.3)	1,699.0
(Loss) earnings per share:			
Basic	9	HK(24.9) cents	HK29.6 cents
Diluted	9	HK(24.9) cents	HK29.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Non-current assets			
Property and equipment	10	36,543.6	35,159.8
Right-of-use assets	10	3,390.9	2,864.3
Intangible asset	11	175.6	197.6
Art works and diamonds		281.3	281.3
Interest in an associate		342.6	336.4
Interest in a joint venture		137.9	135.0
Investments in equity instruments designated at fair value through other comprehensive income		580.3	868.1
Other assets	12	1,070.0	840.8
		42,522.2	40,683.3
Current assets			
Inventories		110.5	103.3
Trade and other receivables	14	952.1	1,314.1
Pledged bank deposits	13	147.0	1,020.7
Short-term bank deposits		3,794.3	5,766.2
Bank balances and cash		3,570.1	8,738.1
		8,574.0	16,942.4
Current liabilities			
Trade and other payables	16	8,047.6	12,044.3
Taxation payable		64.9	123.7
Long-term bank loans	17	2,316.1	217.0
Lease liabilities		355.3	177.6
		10,783.9	12,562.6
Net current (liabilities) assets		(2,209.9)	4,379.8
Total assets less current liabilities		40,312.3	45,063.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Non-current liabilities			
Long-term bank loans	17	12,927.7	15,063.7
Lease liabilities		919.4	547.7
Amounts due to non-controlling interests of a subsidiary	18	206.3	203.8
Deferred taxation		12.6	11.8
		14,066.0	15,827.0
Net assets		26,246.3	29,236.1
Capital and reserves			
Share capital	19	11,312.6	11,281.4
Reserves		14,762.1	17,717.0
Equity attributable to owners of the Company		26,074.7	28,998.4
Non-controlling interests		171.6	237.7
Total equity		26,246.3	29,236.1

The condensed consolidated financial statements on pages 15 to 52 were approved and authorised for issue by the board of directors on 28 July 2020 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

So Shu Fai
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital HK\$ million	Share options reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 1 January 2020 (audited)	11,281.4	798.2	277.7	16,641.1	28,998.4	237.7	29,236.1
Loss for the period	—	—	—	(1,412.4)	(1,412.4)	(66.1)	(1,478.5)
Other comprehensive expense for the period	—	—	(287.8)	—	(287.8)	—	(287.8)
Total comprehensive expense for the period	—	—	(287.8)	(1,412.4)	(1,700.2)	(66.1)	(1,766.3)
Exercise of share options	31.2	(8.7)	—	—	22.5	—	22.5
Recognition of equity-settled share-based payments	—	0.8	—	—	0.8	—	0.8
Release of lapsed equity-settled share-based payments	—	(3.0)	—	3.0	—	—	—
Dividends paid (note 8)	—	—	—	(1,246.8)	(1,246.8)	—	(1,246.8)
	31.2	(10.9)	—	(1,243.8)	(1,223.5)	—	(1,223.5)
At 30 June 2020 (unaudited)	11,312.6	787.3	(10.1)	13,984.9	26,074.7	171.6	26,246.3
At 1 January 2019 (audited)	11,254.1	849.0	325.9	15,028.3	27,457.3	134.5	27,591.8
Profit for the period	—	—	—	1,679.1	1,679.1	60.6	1,739.7
Other comprehensive expense for the period	—	—	(40.7)	—	(40.7)	—	(40.7)
Total comprehensive (expense) income for the period	—	—	(40.7)	1,679.1	1,638.4	60.6	1,699.0
Exercise of share options	25.5	(7.5)	—	—	18.0	—	18.0
Recognition of equity-settled share-based payments	—	2.8	—	—	2.8	—	2.8
Release of lapsed equity-settled share-based payments	—	(11.1)	—	11.1	—	—	—
Dividends paid (note 8)	—	—	—	(1,189.5)	(1,189.5)	—	(1,189.5)
	25.5	(15.8)	—	(1,178.4)	(1,168.7)	—	(1,168.7)
At 30 June 2019 (unaudited)	11,279.6	833.2	285.2	15,529.0	27,927.0	195.1	28,122.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Net cash (used in) from operating activities	20	(4,277.9)	3,909.9
Investing activities			
Withdrawal of short-term bank deposits		5,887.4	13,485.6
Withdrawal of pledged bank deposits		873.7	—
Interest received		106.3	183.3
Proceeds of rental deposits refunded		4.1	—
Repayment from an investee company		2.0	2.8
Proceeds from disposal of property and equipment		—	0.8
Acquisition of intangible asset		—	(197.6)
Placement of pledged bank deposits		—	(873.8)
Payments for rental deposits		(3.5)	—
Deposits paid for acquisitions of property and equipment		(272.6)	(41.9)
Acquisition of property and equipment		(1,790.4)	(3,523.7)
Placement of short-term bank deposits		(3,915.5)	(8,771.9)
Net cash from investing activities		891.5	263.6
Financing activities			
Proceeds from issue of shares		22.5	18.0
Repayment of long-term bank loans		(70.5)	(100.0)
Repayments of lease liabilities		(182.0)	(122.5)
Interest paid		(304.8)	(291.0)
Dividends paid		(1,246.8)	(1,189.5)
Net cash used in financing activities		(1,781.6)	(1,685.0)
Net (decrease) increase in cash and cash equivalents		(5,168.0)	2,488.5
Cash and cash equivalents at 1 January		8,738.1	6,322.7
Cash and cash equivalents at 30 June, represented by bank balances and cash		3,570.1	8,811.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL

SJM Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its subsidiaries are principally engaged in the development and operations of casinos and related facilities, and hotel, catering, retail and related services in the Macau Special Administrative Region of the People's Republic of China (the "Macau SAR"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), a company established in the Macau SAR. The address of the registered office and principal place of business of the Company is disclosed in the "Corporate Information" section of this report.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company, and have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial information relating to the year ended 31 December 2019 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

In preparing the Group's condensed consolidated financial statements, the directors of the Company have careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$2,209.9 million. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2020 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from 30 June 2020. On the basis that the Group has undrawn unconditional facility from the long-term bank loans facility agreement amounting to HK\$10 billion which can provide additional financing to the Group, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

Due to the outbreak of Covid-19, there are travel restrictions such as those related to the China Individual Visit Scheme, the Hong Kong Macau Ferry Terminal closure and other countries restricting inbound travel from mainland China. The Group suspended its casino operations from 5 February 2020 to 19 February 2020 following the measures from Macau SAR government in an effort to contain the spread of the pandemic. Starting from 20 February 2020, the Group resumed the casino operations gradually. However, the outbreak of Covid-19 continues to have a material impact on the Group's results in 2020 and possibly beyond, the extent of which depends on future conditions and developments, including the progress of the outbreak, the lifting or extension of protective measures and the overall condition of the regional economy. Given the uncertainty about the future course of Covid-19, and the regulatory and economic responses, the impact on the Group's future operating results cannot be reasonably estimated at this stage.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions".

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

2.1 *Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 *Impacts and accounting policies on early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”*

2.2.1 *Accounting policies*

Leases

Covid-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.2.2 *Transition and summary of effects*

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$9.9 million in the profit or loss for the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENTS

The Group is currently organised into two reportable segments — gaming operations, and hotel, catering and retail operations. Principal activities of these two reportable segments are as follows:

- (i) Gaming operations — operation of casinos and related facilities
- (ii) Hotel, catering and retail operations — operation of hotel, catering, retail and related services

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”). CODM, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as a group of senior management that makes strategic decisions.

The CODM regularly analyses gaming operations in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations, and the relevant revenues and operating results are reviewed as a whole for resources allocation and performance assessment. For hotel, catering and retail operations, the CODM regularly reviews the performance on the basis of the individual hotel. For segment reporting under HKFRS 8, financial information of the Group’s hotels with similar economic characteristics has been aggregated into a single reportable segment named “hotel, catering and retail operations”.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

(a) An analysis of the Group's revenue and results by reportable segments is as follows:

	Segment revenue		Segment results	
	Six months ended 30 June			
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	4,272.1	16,720.2	(1,208.1)	1,858.7
Hotel, catering and retail operations: External sales:				
Catering and retail operations: recognised at a point in time	81.6	217.0		
Hotel operations: recognised over time	20.4	137.1		
	102.0	354.1		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	13.6	25.6		
Hotel operations: recognised over time	22.7	64.8		
	36.3	90.4		
Eliminations	138.3 (36.3)	444.5 (90.4)	(262.3)	(111.2)
	102.0	354.1		
Total:				
recognised at a point in time	4,353.7	16,937.2		
recognised over time	20.4	137.1		
	4,374.1	17,074.3		
			(1,470.4)	1,747.5
Reconciliation from segment results to (loss) profit before taxation:				
Unallocated corporate income			58.5	80.7
Unallocated corporate expenses			(63.5)	(70.0)
Share of profits of an associate			7.4	2.1
Share of profits of a joint venture			2.9	3.8
(Loss) profit before taxation			(1,465.1)	1,764.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENTS (Continued)

(a) An analysis of the Group's revenue and results by reportable segments is as follows: (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the (loss) profit before taxation from/earned by each segment without allocation of corporate income and expenses and share of profits of an associate and a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at a price mutually agreed by both parties.

(b) An analysis of the Group's assets and liabilities by reportable segments is as follows:

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	7,327.6	13,584.4
hotel, catering and retail operations	4,118.2	4,425.1
	11,445.8	18,009.5
Interest in an associate	342.6	336.4
Interest in a joint venture	137.9	135.0
Unallocated bank deposits, bank balances and cash	4,038.9	5,227.0
Other unallocated assets	35,131.0	33,917.8
Group's total	51,096.2	57,625.7
LIABILITIES		
Long-term bank loans:		
gaming operations	15,087.8	15,082.5
hotel, catering and retail operations	55.3	70.3
unallocated corporate bank loans	100.7	127.9
	15,243.8	15,280.7
Other segment liabilities:		
gaming operations	7,663.1	10,689.8
hotel, catering and retail operations	390.9	364.8
	8,054.0	11,054.6
Total segment liabilities	23,297.8	26,335.3
Unallocated liabilities	1,552.1	2,054.3
Group's total	24,849.9	28,389.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OPERATING SEGMENTS (Continued)

(b) An analysis of the Group's assets and liabilities by reportable segments is as follows: (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- (i) other unallocated assets include mainly certain property and equipment, certain right-of-use assets, art works and diamonds, amounts due from an associate/a joint venture/an investee company and investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI").
- (ii) unallocated liabilities include mainly certain construction payables and amounts due to non-controlling interests of a subsidiary.
- (iii) all assets are allocated to reportable segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).
- (iv) all liabilities are allocated to reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

4. GAMING REVENUE

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	1,368.3	7,454.8
mass market table gaming operations	3,291.4	12,402.2
slot machine and other gaming operations	234.8	575.0
	4,894.5	20,432.0
Less: commissions and incentives	(622.4)	(3,711.8)
	4,272.1	16,720.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Interests on:		
long-term bank loans	276.3	311.7
lease liabilities	13.0	8.5
Imputed interest on amount due to non-controlling interests of a subsidiary	2.5	3.6
	291.8	323.8
Less: Amount capitalised	(276.9)	(306.2)
	14.9	17.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

6. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
<i>(Loss) profit before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$0.8 million (six months ended 30 June 2019: HK\$2.8 million)	41.3	46.5
Less: Amount capitalised	(6.1)	(6.4)
	35.2	40.1
Other staff costs	2,722.2	2,938.9
	2,757.4	2,979.0
Amortisation of intangible asset (including in operating and administrative expenses)	22.0	—
Depreciation of property and equipment	314.5	447.6
Depreciation of right-of-use assets	170.3	110.7
Loss on disposal/write-off of property and equipment	0.5	1.0
<i>and after crediting:</i>		
Bank interest income	96.6	164.4
Covid-19-related rent concessions (note 10)	9.9	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

7. TAXATION

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	12.6	33.8
Deferred taxation	0.8	(9.4)
	13.4	24.4

No provision for CT on gaming related income is made for a subsidiary of the Company, Sociedade de Jogos de Macau, S.A. (“SJM”). Pursuant to the approval notices issued by the Macau SAR government dated 27 September 2016 and 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 January 2017 to 31 March 2020 and 1 April 2020 to 26 June 2022, respectively.

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR government on dividend distributed by SJM (the “Special Complementary Tax”) for the period from 1 January 2017 to 31 March 2020, SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ended 31 March 2020. SJM has applied for extension of approval from Financial Services Bureau of the Macau SAR government but the amount of the Special Complementary Tax for the period from 1 April 2020 to 26 June 2022 has not been determined by the Financial Services Bureau of the Macau SAR government up to the date of this report. During the period, the Company, as a shareholder of SJM, an amount of MOP11.6 million (equivalent to HK\$11.3 million) (six months ended 30 June 2019: MOP11.6 million (equivalent to HK\$11.3 million)), was provided for the Special Complementary Tax.

Regarding other Macau SAR subsidiaries, CT is calculated at the CT rate of 12% on the estimated assessable profit for both periods.

No provision for taxation in other jurisdictions (including Hong Kong) is made as the Group’s operations outside Macau SAR have no assessable taxable profits arising from the respective jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

8. DIVIDENDS

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Final dividend per ordinary share:		
HK22 cents for 2019	1,246.8	—
HK21 cents for 2018	—	1,189.5
	1,246.8	1,189.5

On 28 July 2020, the board of directors of the Company does not declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK8 cents per ordinary share).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	(1,412.4)	1,679.1

	Six months ended 30 June	
	2020 (unaudited)	2019 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	5,666,446,216	5,663,184,984
Effect of dilutive potential ordinary shares on share options (Note)	—	1,993,419
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	5,666,446,216	5,665,178,403

Note: For the six months ended 30 June 2020, the diluted loss per share was the same as the basic loss per share as the computation of the diluted loss per share does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Property and equipment		
Carrying values		
Leasehold land and buildings	3,130.3	3,164.8
Chips	0.6	0.8
Furniture, fixtures and equipment	1,080.1	1,188.4
Gaming equipment	240.9	94.1
Leasehold improvements	1,066.5	1,096.6
Motor vehicles	11.3	13.7
Vessels	187.4	193.7
Construction in progress	30,826.5	29,407.7
Total	36,543.6	35,159.8
Right-of-use assets		
Carrying values		
Leasehold lands	2,590.4	2,622.1
Leasehold land and buildings	780.2	197.9
Motor vehicles	20.3	44.3
Total	3,390.9	2,864.3

During the six months ended 30 June 2020, the Group incurred HK\$1,709.1 million (six months ended 30 June 2019: HK\$3,694.2 million) on acquisition of property and equipment to expand and upgrade its facilities.

At 30 June 2020, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$1,170.6 million (31 December 2019: HK\$1,119.7 million) in respect of the Group's gaming business have to be returned to the Macau SAR government upon completion of the term of the concession in 2022.

At 30 June 2020, the carrying values of the construction in progress of HK\$30,826.5 million (31 December 2019: HK\$29,407.7 million) represented the construction in progress of development and operation of a casino, hotel and entertainment complex on a parcel of land in Macau SAR government ("Grand Lisboa Palace Project").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

During the six months ended 30 June 2020, the Group entered into new lease agreements for the use of properties and motor vehicles in Macau SAR for 2 to 3 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$729.4 million (six months ended 30 June 2019: HK\$54.8 million) of right-of-use assets and HK\$729.4 million (six months ended 30 June 2019: HK\$54.8 million) lease liabilities.

As disclosed in note 1A, the Group had to suspend its casino operations in order to contain the spread of Covid-19. Lessors of the relevant casino properties provided rent concessions to the Group through rent reductions ranging from 25% to 100% for one to two months.

During the six months ended 30 June 2020, there were rent concessions occurred as a direct consequence of Covid-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$9.9 million were recognised as negative variable lease payments.

11. INTANGIBLE ASSET

During the year ended 31 December 2019, the Group accepted a gaming concession extension contract with Macau SAR government in respect of the gaming concession of SJM, which was originally due to expire on 31 March 2020, for a further period up to 26 June 2022. The cost of extension premium for the gaming concession contract of MOP 200.0 million (equivalent to HK\$194.2 million) and related costs have been amortised on a straight line basis over the extended term of the gaming concession starting from 1 April 2020.

12. OTHER ASSETS

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	904.1	691.5
Rental deposits	24.1	5.5
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.4	14.4
Amount due from an investee company	39.0	41.0
	1,070.0	840.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. OTHER ASSETS (Continued)

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and have no fixed repayment terms. At 30 June 2020, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

13. PLEDGED BANK DEPOSITS

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Bank deposits pledged:		
to secure a bank facility (Note (a))	145.6	145.6
to secure a bank facility (Note (b))	—	873.8
others	1.4	1.3
	147.0	1,020.7

Notes :

- (a) The amount represents a deposit pledged to secure the bank facility granted to a subsidiary of the Company. The bank facility represents a guarantee amounting to HK\$291.3 million from 1 April 2007 to 180 days after 31 March 2020, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the gaming concession contract.
- (b) The amount represented a temporary deposit pledged to secure a bank facility granted to SJM for the period from 27 May 2019 to 27 March 2020. The bank facility represents a guarantee amounting to MOP3,500 million (equivalent to HK\$3,398.1 million) which is in favour of the Macau SAR government against obligations that would arise to SJM as an employer in connection with the termination of employment agreements potentially caused by expiration of the gaming concession contract. However, the Macau government no longer required the pledge of the temporary deposit in relation to the bank facility after 27 March 2020, therefore the deposit has been released during six months ended 30 June 2020.

At 30 June 2020, the pledged bank deposits carry fixed interest rates ranging from 2.15% to 2.20% (31 December 2019: 2.20% to 2.40%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Advances to gaming promoters, net	118.1	189.6
Other receivables from gaming promoters and service providers, net	386.0	625.9
Prepayments	256.6	197.8
Other sundry receivables	191.4	300.8
	952.1	1,314.1

Advances to gaming promoters mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 30 June 2020, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

Advances are only granted to gaming promoters with good credit histories and financial track records. With the consent of gaming promoters, the Group can offset the advances against commission payables to or deposits from relevant gaming promoters. In the event that a gaming promoter fails to repay, the Group has the right, pursuant to the relevant gaming promoter agreement, to offset or withhold the commission payable and other payables to that gaming promoter, realise cheques and execute guarantees.

Other receivables from gaming promoters and service providers represent certain costs to be reimbursed from gaming promoters and service providers. With the consent of gaming promoters and service providers, the Group can offset the outstanding balances against commission and service fee payables to or deposits from relevant gaming promoters and service providers. In the event that a gaming promoter or service provider fails to repay, the Group has the right, pursuant to the relevant gaming promoter agreement or service provider agreement, to offset or withhold the payables to that gaming promoter or service provider, realise cheques and execute guarantees, if any.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. TRADE AND OTHER RECEIVABLES (Continued)

The following is the aged analysis of advances to gaming promoters at the end of the reporting period based on the date of credit granted:

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Age		
0 to 30 days	118.1	189.6

Other sundry receivables mainly include deposits paid for rentals and operating supplies, interest receivables and credit card receivables.

Prepayments and other sundry receivables of the Group which included certain balances between the Group and related companies are detailed as follows:

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	30.3	29.4
An associate of the Group	8.6	7.8
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	141.3	164.2
	180.2	201.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

As part of the Group's credit risk management, the Group applies internal credit rating for the gaming promoters and service providers. The Group assessed the ECL for advances to gaming promoters and other receivables from gaming promoters and service providers individually.

During the year ended 31 December 2019, the Group provided impairment allowance of HK\$200.0 million (six months ended 30 June 2020: nil) for other receivables from gaming promoters and service providers as the management considered a service provider is credit-impaired. As at 30 June 2020, loss allowance with an aggregate balance of HK\$379.5 million (31 December 2019: HK\$379.5 million), represents individually credit-impaired advances to gaming promoters and other receivables from gaming promoters and service providers as the management considered the outstanding balances from these gaming promoters and service providers were uncollectible given that one or more events of default occurred.

No impairment allowance is recognised for the remaining advances to gaming promoters and other receivables from gaming promoters and service providers since the loss given default and exposure at default are significantly reduced as those advances to gaming promoters and other receivables from gaming promoters and service providers are subject to certain offsetting and enforceable netting agreements as well as due to the low probability of default of the gaming promoters and service providers based on historical credit loss experience. The management has also assessed all available forward looking information, including but not limited to expected growth rate and future development of gaming industry, and concluded that there is no significant increase in credit risk.

For the interest receivables and credit card receivables included in other sundry receivables, bank deposits and bank balances, no allowance for impairment was made since the management considers the probability of default is negligible as such amounts are receivable from or placed in banks in Macau SAR and Hong Kong having good reputation and are considered to have low credit risk.

For the amounts due from ultimate holding company/an associate/a joint venture/an investee company, other amounts in other sundry receivables, no allowance for impairment was made since the management considers the probability of default is minimal after assessing the counter-parties' financial background and creditability and/or exposure at default is minimal.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK\$87.3 million (31 December 2019: HK\$87.3 million) as at 30 June 2020. Details of the financial guarantee contracts are set out in note 23. At the end of the reporting period, the management assessed that no credit facilities were utilised under guarantee and financial positions of that associate and that investee company, and concluded that there has been no significant credit risk arising from the financial guarantee contracts. Accordingly, there was no loss allowance for financial guarantee contracts issued by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. TRADE AND OTHER PAYABLES

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Trade payables	105.8	1,047.2
Special gaming tax payable	142.6	1,209.6
Chips in circulation	3,465.8	5,062.4
Chips in custody and deposits received from gaming patrons and gaming promoters	1,561.9	520.3
Payable for acquisition of property and equipment	66.8	38.0
Construction payables	1,179.4	1,670.2
Accrued staff costs	856.0	1,706.9
Accrued operating expenses	34.0	191.2
Withholding tax payable for gaming promoters and employees	64.4	24.9
Other sundry payables and accruals	570.9	573.6
	8,047.6	12,044.3

The following is the aged analysis of trade payables at the end of the reporting period based on the invoice date:

Age	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
0 to 30 days	97.0	1,030.6
31 to 60 days	2.2	10.4
61 to 90 days	2.6	2.0
Over 90 days	4.0	4.2
	105.8	1,047.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. TRADE AND OTHER PAYABLES (Continued)

The average credit period on trade payables is 90 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Trade and other payables of the Group which included certain balances between the Group and related companies are detailed as follows:

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	57.9	66.1
An associate of the Group	124.6	153.5
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	247.8	282.2
	430.3	501.8

17. LONG-TERM BANK LOANS

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
The syndicated secured long-term bank loans are repayable:		
Within one year	2,316.1	217.0
Within a period of more than one year but not more than two years	12,927.7	5,060.5
Within a period of more than two years but not more than five years	—	10,003.2
	15,243.8	15,280.7
Less: Amounts due within one year shown under current liabilities	(2,316.1)	(217.0)
Amounts shown under non-current liabilities	12,927.7	15,063.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. LONG-TERM BANK LOANS (Continued)

Variable-rate bank loans comprise:

	Carrying amounts	
	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace Project ("GLP Bank Loans")	15,058.8	15,045.7
Secured bank loans for Ponte 16 ("P16 Bank Loans")	185.0	235.0
	15,243.8	15,280.7

GLP Bank Loans

Due to the outbreak of Covid-19, the Group entered into an amendment of the financial covenants under the GLP Bank Loans on 23 June 2020 to reflect an amendment of the permitted interest coverage ratio for the Group's compliance during the six months ended 30 June 2020.

At 30 June 2020, the range of effective interest rates of the secured bank loans is 1.68% to 1.98% (31 December 2019: 3.41% to 3.87%) per annum. The purpose of the secured syndicated loan facilities is for financing the Grand Lisboa Palace Project.

At 30 June 2020, the GLP Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$32,851.9 million (31 December 2019: HK\$31,436.0 million) and HK\$1,805.9 million (31 December 2019: HK\$1,827.0 million), respectively. In addition, the other key terms and securities for such long-term bank loans pledged are set out as follows:

- (i) an assignment of all material project documents, receivables and related receivables generated from gaming and hotel operation of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of SJM and its certain subsidiaries;
- (iii) an unconditional and irrevocable funding and completion undertaking for the Grand Lisboa Palace Project;
- (iv) assignments of all the rights and benefits of insurance and reinsurance policies and construction contracts relating to certain properties held by the Group, if default;
- (v) share pledges over the shares of certain subsidiaries; and
- (vi) a legally promissory note (i.e. notarised livranca) for HK\$27,500 million (31 December 2019: HK\$27,500 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. LONG-TERM BANK LOANS (Continued)

P16 Bank Loans

At 30 June 2020, the effective interest rates of the secured bank loans is 2.57% (31 December 2019: 4.48%) per annum. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 30 June 2020, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$447.6 million (31 December 2019: HK\$464.5 million) and HK\$58.9 million (31 December 2019: HK\$59.8 million), respectively. In addition, the other key terms and securities for such long-term bank loans pledged are set out as follows:

- (i) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$1,000 million (31 December 2019: HK\$1,000 million) and HK\$490 million (31 December 2019: HK\$490 million), respectively;
- (ii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited (“Pier 16 – Property”) and its subsidiaries, if default;
- (iii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (iv) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default; and
- (v) share pledges over the shares of certain subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY

At the end of the reporting period, the amounts are unsecured, interest-free and to be repaid from surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests.

During the six months ended 30 June 2020, imputed interest of HK\$2.5 million (for the year ended 31 December 2019: HK\$7.5 million) on the amount due to the non-controlling interests of a subsidiary of HK\$206.3 million (31 December 2019: HK\$203.8 million) has been recognised at a weighted average original interest rate of approximately 2.47% (31 December 2019: 2.47%) per annum. At 30 June 2020, the principal amount was HK\$219.4 million (31 December 2019: HK\$219.4 million).

The relevant bank facilities allow the subsidiary to repay shareholders' loan, subject to certain terms and conditions, including certain leverage ratio requirements. On this basis, the Group agreed with the non-controlling shareholders of that subsidiary on the amounts and timing of the repayment of the amount due to them, taking into account the estimate of amounts and timing of repayment of bank loans pursuant to the bank facilities agreement. During the year ended 31 December 2019, these carrying amounts have been adjusted by HK\$7.2 million (six months ended 30 June 2020: nil) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

At 30 June 2020 and 31 December 2019, the total carrying amounts were classified as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

19. SHARE CAPITAL

	Issued and fully paid Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2019 (audited)	5,659,659,293	11,254.1
Exercise of share options	4,450,000	25.5
At 30 June 2019 (unaudited)	5,664,109,293	11,279.6
Exercise of share options	260,000	1.8
At 31 December 2019 (audited)	5,664,369,293	11,281.4
Exercise of share options	3,000,000	31.2
At 30 June 2020 (unaudited)	5,667,369,293	11,312.6

20. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)
Operating cash flows before movements in working capital	(1,048.8)	2,173.4
(Decrease) increase in trade and other payables	(3,483.6)	957.0
Other changes in working capital	325.9	802.0
Cash (used in) from operations	(4,206.5)	3,932.4
Income tax paid	(71.4)	(22.5)
Net cash (used in) from operating activities	(4,277.9)	3,909.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

21. SHARE OPTION SCHEME

The share option scheme adopted by the Company on 13 May 2009 (the "Scheme") has lapsed automatically on 13 May 2019 upon the expiry of 10-year period. Following the expiry of the Scheme, no further share options can be granted thereunder but outstanding share options granted under the Scheme shall continue to be valid and exercisable.

A summary of the movements of the outstanding options during the six months ended 30 June 2020 under the Scheme is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			
					Outstanding at 1.1.2020	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2020
Directors	31.8.2010	31.8.2010 to 27.2.2011	28.2.2011 to 27.2.2020	7.48	3,000,000	(3,000,000)	—	—
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,500,000	—	—	3,500,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	34,835,000	—	—	34,835,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	34,835,000	—	—	34,835,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	34,830,000	—	—	34,830,000
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	500,000	—	—	500,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	8.33	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
Employees	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,000,000	—	—	3,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	12,409,000	—	(100,000)	12,309,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	12,366,000	—	(100,000)	12,266,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	12,353,000	—	(100,000)	12,253,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	5,381,000	—	(44,000)	5,337,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	5,381,000	—	(44,000)	5,337,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	5,268,000	—	(42,000)	5,226,000
	11.5.2016	11.5.2016 to 10.11.2016	11.11.2016 to 10.11.2025	4.89	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2017	11.11.2017 to 10.11.2025	4.89	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2018	11.11.2018 to 10.11.2025	4.89	1,000,000	—	—	1,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

21. SHARE OPTION SCHEME (Continued)

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			
					Outstanding at 1.1.2020	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2020
Other participants	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	500,000	—	—	500,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	167,000	—	—	167,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	167,000	—	—	167,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	166,000	—	—	166,000
					175,658,000	(3,000,000)	(430,000)	172,228,000
Weighted average exercise price per share					HK\$12.38	HK\$7.48	HK\$18.32	HK\$12.45

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$8.99 (six months ended 30 June 2019: HK\$7.46). At the end of the reporting period, 171,228,000 (31 December 2019: 174,658,000) share options are exercisable.

The Group recognised total expenses of HK\$0.8 million during the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$2.8 million) in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

22. CAPITAL COMMITMENTS

	At 30 June 2020 HK\$ million (unaudited)	At 31 December 2019 HK\$ million (audited)
Capital expenditure in respect of property and equipment:		
Authorised but not contracted for:		
Grand Lisboa Palace Project	2,710.4	3,875.8
Others	101.3	107.0
	2,811.7	3,982.8
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	2,312.1	2,909.3
Others	139.1	158.1
	2,451.2	3,067.4

At the end of the reporting period, capital expenditure in respect of property and equipment committed to acquire from related parties amounted to HK\$151.0 million (31 December 2019: HK\$149.2 million).

At 30 June 2020, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$39,000 million (31 December 2019: HK\$39,000 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

23. CONTINGENT LIABILITIES AND GUARANTEES

	At 30 June 2020		At 31 December 2019	
	Maximum guarantees given HK\$ million (unaudited)	Credit facilities utilised HK\$ million (unaudited)	Maximum guarantees given HK\$ million (audited)	Credit facilities utilised HK\$ million (audited)
Guarantees given to banks in respect of credit facilities granted to:				
an associate	67.3	—	67.3	—
an investee company	20.0	—	20.0	—
	87.3	—	87.3	—

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's investments in equity instruments designated at FVTOCI are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2020 HK\$ million	31 December 2019 HK\$ million		
Investments in equity instruments designated at FVTOCI				
Listed equity securities	267.2	296.5	Level 1	Quoted bid prices in an active market
Unlisted equity securities	313.1	571.6	Level 2	Market approach: Net asset value with main multiple being Price-to-Book multiples of comparable companies (31 December 2019: estimated normalised trailing twelve months net profits with main multiple being Price-to-Earnings multiples of comparable companies)

There were no transfers between Level 1 and 2 during current period.

In estimating the fair value of unlisted equity securities, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified third party valuers to perform the valuation. The management of the Group works closely with the qualified third party valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the unlisted equity securities.

Information about the valuation techniques and inputs used in determining the fair value of unlisted equity securities are disclosed above.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS

- (a) Other than the transactions and balances with related parties disclosed in respective notes in the condensed consolidated financial statements, during the period, the Group had the following significant transactions with related parties and/or connected parties (as defined under Chapter 14A of the Listing Rules):

Relationship	Nature of transactions	Six months ended 30 June		
		2020 HK\$ million (unaudited)	2019 HK\$ million (unaudited)	
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>			
	Property rentals (note 25(c))	20.0	119.4	
	Transportation (note 25(d))	8.1	52.7	
	Hotel accommodation (note 25(d))	—	9.4	
	Entertainment (note 25(d))	—	7.4	
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>			
	Share of administrative expenses (note 25(e) and (f))	0.8	0.7	
	Hotel accommodation (note 25(d))	2.3	—	
	Entertainment (note 25(d))	5.0	—	
	Cleaning services (note 25(f))	8.1	14.0	
	Hotel management and operation (note 25(d) and (f))	2.9	8.3	
	Promotional and advertising services (note 25(d) and (f))	2.5	3.3	
	Maintenance services (note 25(d) and (f))	6.7	6.1	
	Others (note 25(f))	4.8	7.9	
	<i>Non-exempt connected transactions under Chapter 14A of the Listing Rules</i>			
Right-of-use assets — HKFRS 16 (note 25(c))	490.7	—		
Purchase of a property (note 25(m))	—	680.0		
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>			
	Service fees paid to a service provider in relation to the promotion of a casino (note 25(g))	2.2	488.8	
	Property rentals (note 25(i))	20.8	59.3	
	<i>Non-exempt connected transactions under Chapter 14A of the Listing Rules</i>			
	Right-of-use assets — HKFRS 16 (note 25(ii))	228.2	—	
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>			
	Others (note 25(f))	28.9	41.4	
	Entities other than the above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	Service fees (reimbursed from) paid to a service provider in relation to the promotion of a casino (note 25(j))	(123.8)	376.0
		Insurance expenses	97.0	74.2
		Sub-concession fee income	2.2	—
Promotion and advertising expenses		—	0.6	
Service fee in relation to foreign currencies exchange		3.8	6.1	
Construction costs		1.3	2.2	
Others		3.1	4.5	
An associate	Construction costs and management fee paid	76.3	141.2	
A joint venture	Property rentals (note 25(n))	1.8	7.2	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS (Continued)

- (b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, STDM transferred its gaming assets to SJM. SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the gaming concession contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the six months ended 30 June 2020, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (for the six months ended 30 June 2019: HK\$0.1 million).
- (c) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group (the "Premises Leasing Master Agreement with STDM"). The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The Premises Leasing Master Agreement with STDM was renewed on 23 December 2019 for a term of period from 1 April 2020 to 31 December 2022 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 25(a) above.

During the six months ended 30 June 2019, the amount disclosed in note 25(a) represented the payment amount for property rentals with related parties and/or connected parties.

During the six months ended 30 June 2020, the amount disclosed in note 25(a) represents the property rentals with related parties and/or connected parties for the addition of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2020, the lease transactions with related parties represent addition of right-of-use assets of HK\$490.7 million (six months ended 30 June 2019: nil), incurred expenses relating to the relevant short-term leases of HK\$20.0 million (six months ended 30 June 2019: HK\$45.8 million) and interest expenses of HK\$3.8 million (six months ended 30 June 2019: HK\$2.3 million) on the relevant lease liabilities with carrying amount of HK\$464.1 million as at 30 June 2020 (30 June 2019: HK\$143.1 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS (Continued)

- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and its associates (the "Products and Services Master Agreement"). The types of products and services include hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM (the "Renewed Master Agreement") for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operation, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 25(f). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014, 26 January 2017 and 23 December 2019, each for a term of three years starting from 1 January 2014, 1 January 2017 and 1 January 2020, respectively, with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation and maintenance services. The transaction amounts for the hotel management and operation and maintenance services during the period were de minimis as described in note 25(f).
- (e) The Company entered into an agreement with STDM dated 18 June 2008 (the "Administrative Cost Sharing Agreement") whereby STDM and its associates have agreed to continue to share certain administrative services.

Starting from 2014, these transactions were exempted as continuing connected transactions under Rule 14A.98 of the Listing Rules. The amount of transactions during the period was disclosed in note 25(a) above.

- (f) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.
- (g) SJM entered into an agreement with Tin Hou Limited ("Tin Hou") dated 19 February 2010 regarding the provision of management services and promotion service to SJM in the gaming area of Grand Emperor Hotel in Macau SAR (the "Service Agreement") for the period from 1 October 2009 to 31 March 2020 or any earlier termination with 21 days' notice to other party who is in default of the agreement. On 4 May 2020, SJM entered into an addendum to the Service Agreement with Tin Hou Limited for extending the provision of services as specified in the Service Agreement to SJM until 26 June 2022. Tin Hou is a company controlled over 50% by a half-brother of a director of certain subsidiaries of the Company and was a connected person of the Company pursuant to Rules 14A.07(4) and 14A.12(2)(a) of the Listing Rules. From the effective date of the addendum to the Service Agreement, such subsidiaries of the Company are categorised as insignificant subsidiaries of the Group according to Rule 14A.09 of the Listing Rules. In this regard, the director is not considered as a connected person of the Company and the transactions between SJM and Tin Hou under the Service Agreement are no longer continuing connected transactions for the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS (Continued)

- (h) On 24 June 2011, SJM, a subsidiary of the Company, and Shun Tak & CITS Coach (Macao) Limited (“ST-CITS”) entered into a master service agreement to formalise business arrangements between the Group and the ST-CITS together with its subsidiaries in relation to the provision of transportation services within Macau locally as well as operating cross border routes to mainland cities of China.

Such agreement was renewed on 31 December 2016 with ST-CITS and on 31 December 2019 with a subsidiary of ST-CITS, each for a term of three years starting from 1 January 2017 and 1 January 2020, respectively, with similar terms as the previous agreement. The transaction amount for transportation during the six months ended 30 June 2019 and 2020 was de minimis as described in note 25(f).

- (i) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group (the “Premises Leasing Master Agreement”) effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ended on a date not later than 31 December 2016. On 14 December 2016, the Company entered into a renewed Premises Leasing Master Agreement with the director and/or her associates to the Group (the “Renewed Premises Leasing Master Agreement”). The Renewed Premises Leasing Master Agreement expired on 31 December 2019, and was further renewed on 23 December 2019 for a term of three years from 1 January 2020 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 25(a) above.

During the six months ended 30 June 2019, the amount disclosed in note 25(a) represented the payment amount for property rentals with related parties and/or connected parties.

During the six months ended 30 June 2020, the amount disclosed in note 25(a) represents the property rentals with related parties and/or connected parties for the additions of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2020, the lease transactions with related parties represent addition of right-of-use assets of HK\$228.2 million (six months ended 30 June 2019: nil), incurred expenses relating to the relevant short-term leases of HK\$20.8 million (six months ended 30 June 2019: HK\$59.3 million) and interest expenses of HK\$1.5 million (six months ended 30 June 2019: nil) on the relevant lease liabilities with carrying amount of HK\$210.8 million as at 30 June 2020 (30 June 2019: nil).

- (j) Service fees in relation to the promotion of a casino were paid to/reimbursed from an entity in which certain directors of the Group are the directors and/or key management personnel of the entity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS (Continued)

- (k) Save as disclosed in note 17, in addition to the securities provided by the Group to the relevant banks, the non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:
 - (i) financial guarantee with promissory note of HK\$490 million (31 December 2019: HK\$490 million);
 - (ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.
- (l) In November 2007, the immediate holding company, STDM-Investments Limited (“STDM-I”), provided a surety (the “STDM-I Surety”) in favour of the Company for the due and punctual payment of obligations the Company may incur in relation to:
 - (i) penalties incurred by the Company for any non-criminal violations of relevant laws or regulations pertaining to anti-money laundering, where such violations occurred prior to the listing of the ordinary shares of the Company on the Stock Exchange; and
 - (ii) losses or contingency provisions incurred by the Company in connection with any judgement of any lawsuit, as set out in the paragraph headed “Litigation” in Appendix VII to the Company’s prospectus dated 26 June 2008, to which the Company is a party and which is pending at the time of listing of the ordinary shares of the Company on the Stock Exchange.

STDM has informed the Company in August 2011 that the board of directors of STDM was satisfied that upon liquidation of STDM-I, which occurred during the year ended 31 December 2011, the Company (as beneficiary of the STDM-I Surety) would remain entitled to claim directly against STDM under the same terms and conditions as originally established in the STDM-I Surety.

- (m) A property was acquired at a consideration of HK\$680 million during the six months ended 30 June 2019. The seller in the acquisition was a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules.
- (n) During the six months ended 30 June 2019, the amount disclosed in note 25(a) represented the payment amount for property rentals with related parties and/or connected parties.

During the six months ended 30 June 2020, the amount disclosed in note 25(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

Interests in Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Chiu Fung, Daisy	Beneficial owner	Long position	1,500,000	—	0.03%
	Beneficial owner	Long position	—	1,500,000 (Note 1)	0.03%
			1,500,000	1,500,000	0.06%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
			3,000,000	6,000,000	0.16%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.08%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.61%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.71%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.33%
Chau Tak Hay	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Interests in Shares, underlying Shares and debentures of the Company (Continued)

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Shek Lai Him, Abraham	Beneficial owner	Long position	200,000	—	0.004%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			200,000	500,000	0.014%
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			500,000	1,000,000	0.03%
Chan Un Chan	Beneficial owner	Long position	2,034,000	—	0.04%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			2,034,000	3,000,000	0.09%
Shum Hong Kuen, David	Beneficial owner	Long position	6,000,000	—	0.11%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			6,000,000	3,000,000	0.16%
Ng Chi Sing	Beneficial owner	Long position	118,452,922	—	2.09%
	Beneficial owner	Long position	—	32,000,000 (Note 1)	0.56%
			118,452,922	32,000,000	2.65%

Notes:

1. These represent the interests in underlying Shares in respect of share options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
2. The percentage has been calculated based on 5,667,369,293 Shares in issue as at 30 June 2020.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Interests in shares, underlying shares and debentures of associated corporations

Sociedade de Turismo e Diversões de Macau, S.A.

Name of Directors	Capacity	Long/short position	No. of shares held			Approximate percentage of issued share capital
			Ordinary	Privileged	Total	
Leong On Kei, Angela	Beneficial owner	Long position	637	5,215	5,852	6.86%
Chan Un Chan	Beneficial owner	Long position	5,204	8,271	13,475	15.806%
Shum Hong Kuen, David	Beneficial owner	Long position	1,004	—	1,004	1.18%

Sociedade de Jogos de Macau, S.A.

Name of Director	Capacity	Long/short position	No. of shares held (Type B Shares)	Approximate percentage of issued share capital

Directors' Right to Acquire Shares or Debentures

Save as disclosed above, so far as was known to any Director, as of 30 June 2020, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, details of substantial Shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of substantial Shareholders	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Sociedade de Turismo e Diversões de Macau, S.A.	Beneficial owner and its controlled corporation (Note 1)	Long position	3,062,059,500	—	54.03%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000 (Note 3)	8.61%

Notes:

1. 12,072,000 Shares are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.
2. The percentage has been calculated based on 5,667,369,293 Shares in issue as at 30 June 2020.
3. These represent the interests in underlying Shares in respect of the Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

At an annual general meeting of the Company held on 13 May 2009, the Shareholders approved the adoption of the Scheme under which the Directors may grant to any participants of the Scheme Options to subscribe for Shares, subject to the terms and conditions as stipulated therein. The Scheme lapsed on 13 May 2019 and no further Options can be granted thereunder. However, the outstanding Options granted under the Scheme shall continue to be valid and exercisable up to the end of the relevant exercise periods.

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2020 were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2020
				Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors:									
Ho Chiu Fung, Daisy	22 June 2017 (Note 6)	22 December 2018 to 21 December 2026	\$8.33	500,000	—	—	—	—	500,000
	22 June 2017 (Note 6)	22 December 2019 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	31 August 2010 (Note 1)	28 February 2011 to 27 February 2020	\$7.48	3,000,000	—	(3,000,000)	—	—	—
	17 March 2011 (Note 2)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
So Shu Fai	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Chau Tak Hay	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Shek Lai Him, Abraham	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	17 March 2011 (Note 2)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000

SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2020
				Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors: (Continued)									
Chan Un Chan	21 June 2018 (Note 7)	21 December 2018 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 7)	21 December 2019 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 7)	21 December 2020 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
Shum Hong Kuen, David	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Ng Chi Sing	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000
Sub-total (Directors):				115,500,000	—	(3,000,000)	—	—	112,500,000
Associates (as defined in the Listing Rules) of Directors (who are also Employee/former Employee):									
Ho Hung Sun, Stanley (Deceased)	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Huen Wai Kei	8 October 2013 (Note 3)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 3)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 3)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employee/former Employee)):				5,260,000	—	—	—	—	5,260,000

SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2020
				Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Employees	17 March 2011 (Note 2)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
Employees*	8 October 2013 (Note 3)	8 April 2014 to 7 April 2023	\$22	12,342,000	—	—	—	(100,000)	12,242,000
Employees*	8 October 2013 (Note 3)	8 April 2015 to 7 April 2023	\$22	12,299,000	—	—	—	(100,000)	12,199,000
Employees*	8 October 2013 (Note 3)	8 April 2016 to 7 April 2023	\$22	12,287,000	—	—	—	(100,000)	12,187,000
Employees*	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	3,694,000	—	—	—	(44,000)	3,650,000
Employees*	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	3,694,000	—	—	—	(44,000)	3,650,000
Employees*	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	3,582,000	—	—	—	(42,000)	3,540,000
Employee	11 May 2016 (Note 5)	11 November 2016 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 5)	11 November 2017 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 5)	11 November 2018 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Sub-total (Employees):				53,898,000	—	—	—	(430,000)	53,468,000
Other participants	17 March 2011 (Note 2)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
Other participants	15 June 2015 (Note 4)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
Other participants	15 June 2015 (Note 4)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
Other participants	15 June 2015 (Note 4)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Sub-total (Other participants):				1,000,000	—	—	—	—	1,000,000
Total:				175,658,000	—	(3,000,000)	—	(430,000)	172,228,000

* excluding associates (as defined in the Listing Rules) of Directors who are also Employee/former Employee.

Notes:

- The vesting period for all of the Options granted on 31 August 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$7.49. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.8926. All the Options granted on that date were exercised before their expiry date of 27 February 2020.
- The vesting period for all of the Options granted on 17 March 2011 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$12.58. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$4.5320.

SHARE OPTION SCHEME

Notes: (continued)

3. The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such vesting date. The vesting period for 3,000,000 Options granted on 8 October 2013 is approximately 34% vesting on one year from the date of grant, then approximately 16.5% vesting on two, three, four and five years from the date of grant respectively, and all these 3,000,000 Options were lapsed in 2018. The closing price of the Shares immediately before the date of grant was HK\$21.95. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

50,460,000 Options granted on 8 October 2013	Exercise period	Option unit value
15,863,000	8 April 2014 to 7 April 2023	HK\$8.4299
1,000,000	8 October 2014 to 7 April 2023	HK\$8.5172
15,808,000	8 April 2015 to 7 April 2023	HK\$8.6397
500,000	8 October 2015 to 7 April 2023	HK\$8.7396
15,789,000	8 April 2016 to 7 April 2023	HK\$8.8327
500,000	8 October 2016 to 7 April 2023	HK\$8.8954
500,000	8 October 2017 to 7 April 2023	HK\$8.9801
500,000	8 October 2018 to 7 April 2023	HK\$8.9928

4. The vesting period for 126,725,000 Options granted on 15 June 2015 is approximately 33.37% vesting on six months from the date of grant, then approximately 33.37% vesting on one year and six months from the date of grant, and the remaining 33.26% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$9.96. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

Category of Participants	Number of Options	Exercise period	Option unit value
Directors	38,669,000	15 December 2015 to 14 December 2024	HK\$3.4670
Directors	38,669,000	15 December 2016 to 14 December 2024	HK\$3.4584
Directors	38,662,000	15 December 2017 to 14 December 2024	HK\$3.4210
Employees	3,342,000	15 December 2015 to 14 December 2024	HK\$3.3966
Employees	3,342,000	15 December 2016 to 14 December 2024	HK\$3.4052
Employees	3,211,000	15 December 2017 to 14 December 2024	HK\$3.3865
Other participants	277,000	15 December 2015 to 14 December 2024	HK\$3.3966
Other participants	277,000	15 December 2016 to 14 December 2024	HK\$3.4052
Other participants	276,000	15 December 2017 to 14 December 2024	HK\$3.3865

5. The vesting period for 3,000,000 Options granted on 11 May 2016 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.85. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 11 May 2016	Exercise period	Option unit value
1,000,000	11 November 2016 to 10 November 2025	HK\$1.6434
1,000,000	11 November 2017 to 10 November 2025	HK\$1.6497
1,000,000	11 November 2018 to 10 November 2025	HK\$1.6439

SHARE OPTION SCHEME

Notes: (continued)

6. The vesting period for 3,000,000 Options granted on 22 June 2017 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant is HK\$8.45. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 22 June 2017	Exercise period	Option unit value
1,000,000	22 December 2017 to 21 December 2026	HK\$3.1571
1,000,000	22 December 2018 to 21 December 2026	HK\$3.1584
1,000,000	22 December 2019 to 21 December 2026	HK\$3.1552

7. The vesting period for 3,000,000 Options granted on 21 June 2018 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$10.32. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 21 June 2018	Exercise period	Option unit value
1,000,000	21 December 2018 to 20 December 2027	HK\$4.0413
1,000,000	21 December 2019 to 20 December 2027	HK\$4.0443
1,000,000	21 December 2020 to 20 December 2027	HK\$4.0523

8. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$9.09.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2020 and up to 30 June 2020, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Directors	Biographical details update since 1 January 2020 and up to 30 June 2020
Ho Chiu Fung, Daisy	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$3,210,312 for 2019 • Re-designated from the Vice Chairman to the Chairman of Hong Kong Ballet with effect from 1 April 2020 • Re-designated from the Vice Chairman to the Chairman of Po Leung Kuk with effect from 1 April 2020
Fok Tsun Ting, Timothy	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$152,305 for 2019
Leong On Kei, Angela	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$236,017 for 2019
So Shu Fai	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$177,374 for 2019
Chau Tak Hay	<ul style="list-style-type: none"> • Increased director's special fee from the Company by HK\$26,050 for 2019
Shek Lai Him, Abraham	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$77,000 for 2019 • Retired as independent non-executive director of Hop Hing Group Holdings Limited with effect from 2 June 2020
Tse Hau Yin	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$72,001 for 2019
Wong Yu Pok, Marina	<ul style="list-style-type: none"> • Increased director's special fee from the Company by HK\$141,404 for 2019
Chan Un Chan	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$90,639 for 2019
Shum Hong Kuen, David	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$53,444 for 2019
Ng Chi Sing	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$105,120 for 2019 • Re-designated from Executive Director to Non-executive Director with effect from 10 June 2020 at the annual fee and allowance totalling HK\$650,000 (on pro-rate basis in the first year) • Ceased to act as Executive Committee member and Chief Operating Officer of the Company with effect from 10 June 2020 • Ceased to act as Chief Operating Officer of SJM with effect from 10 June 2020 • Appointed as adviser of SJM with effect from 10 June 2020 at the monthly advisory fee and allowance totalling HK\$330,000 (on pro-rate basis in the first year)
Tsang On Yip, Patrick	<ul style="list-style-type: none"> • Increased director's special fee from the Group by HK\$169,133 for 2019

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER REGULATORY COMPLIANCE INFORMATION

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK8 cents per Share).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2020.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2020 to 30 June 2020, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code during the six months ended 30 June 2020.

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2020 has been reviewed by the Audit Committee of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2020 has been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board of Directors
SJM Holdings Limited

Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 28 July 2020

CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Dr. Ho Hung Sun, Stanley

BOARD OF DIRECTORS

Chairman and Executive Director

Ms. Ho Chiu Fung, Daisy

Co-Chairmen and Executive Directors

Mr. Fok Tsun Ting, Timothy

Deputada Leong On Kei, Angela

Vice-Chairman, Executive Director and Chief Executive Officer

Dr. So Shu Fai

Executive Directors

Dr. Chan Un Chan

Mr. Shum Hong Kuen, David

Non-executive Directors

Mr. Ng Chi Sing (*ceased to act as Chief Operating Officer and re-designated from Executive Director to Non-executive Director on 10 June 2020*)

Mr. Tsang On Yip, Patrick

Independent Non-executive Directors

Mr. Chau Tak Hay

Hon. Shek Lai Him, Abraham

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Mr. Chau Tak Hay

Hon. Shek Lai Him, Abraham

Ms. Wong Yu Pok, Marina

NOMINATION COMMITTEE

Ms. Ho Chiu Fung, Daisy (*Committee Chairman*)

Mr. Chau Tak Hay

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina

REMUNERATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)

Ms. Ho Chiu Fung, Daisy

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18th Floor, China Merchants Tower

Shun Tak Centre

Nos. 168–200 Connaught Road Central

Hong Kong

Tel: (852) 3960 8000

Fax: (852) 3960 8111

Website: <http://www.sjmholdings.com>

Email (Investor Relations): ir@sjmholdings.com

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880:HK (Bloomberg)

Board lot: 1,000 shares

Designated Security Eligible for Short Selling

Constituent of Hang Seng HK35 Index,

Hang Seng Shenzhen Hong Kong Index and

Hang Seng Shenzhen Hong Kong Consumption Index

Eligible Stock for both “buy” and “sell” of

Southbound Trading of Shanghai-Hong Kong Stock

Connect and Shenzhen-Hong Kong Stock Connect

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor, Hopewell Centre

183 Queen’s Road East, Wanchai

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

Website: <http://www.computershare.com.hk>

Email: hkinfo@computershare.com.hk

CHIEF FINANCIAL OFFICER

Mr. McBain, Robert Earle

CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

LEGAL ADVISORS

On Hong Kong Law: Linklaters

On Macau Law: C&C Advogados

FINANCIAL ADVISOR

Somerley Capital Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

Chong Hing Bank Limited

DEFINITIONS

In this report, unless the context states otherwise, the following expressions shall have the following meanings:

“Adjusted EBITDA”	: earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment, share-based payments, sub-concession fee income and pre-opening expenses
“Adjusted EBITDA Margin”	: the Adjusted EBITDA divided by total net revenue
“Adjusted Casino Grand Lisboa EBITDA”	: earnings before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment, share-based payments and sub-concession fee income, and before elimination of inter-company consumption
“Adjusted Casino Grand Lisboa EBITDA Margin”	: the Adjusted Casino Grand Lisboa EBITDA divided by gross gaming revenue of Casino Grand Lisboa
“Administrative Cost Sharing Agreement”	: the agreement dated 18 June 2008 entered into between the Company and STDM by which STDM and/or its associates (as defined in the Listing Rules) and the Group have agreed to share the costs of certain administrative services, which was renewed on 19 June 2011 and expired on 31 December 2013
“Board”	: the board of Directors of the Company
“Chips Agreement”	: the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM’s gaming operations
“CODM”	: the chief operation decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions
“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
“COVID-19” or “Covid-19”	: Coronaviruses Disease 2019
“CT”	: the Complementary Tax of the Macau SAR

DEFINITIONS

“DICJ”	: Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
“Director(s)”	: the director(s) of the Company
“FVTOCI”	: Fair value through other comprehensive income
“GLP Bank Loans”	: secured bank loans for Grand Lisboa Palace Project
“Grand Lisboa Palace Project”	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
“Group”	: the Company and its subsidiaries
“Hong Kong” or “Hong Kong SAR”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HKAS”	: Hong Kong Accounting Standard
“HKFRSs”	: Hong Kong Financial Reporting Standards
“HKICPA”	: Hong Kong Institute of Certified Public Accountants
“HKSE Main Board”	: the Main Board of the Stock Exchange
“Listing Rules”	: The Rules Governing the Listing of Securities on the Stock Exchange
“Macau” or “Macau SAR”	: the Macau Special Administrative Region of the People’s Republic of China
“Model Code”	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“NYH”	: NYH Gestão de Vendas a Retalho Limitada
“Options”	: share options which the Directors may grant to any participants of the Scheme
“Other Self-promoted Casinos”	: Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai building), Casino Eastern and Casino Taipa
“P16 Bank Loans”	: secured bank loans for Ponte 16

DEFINITIONS

“Pier 16 – Property”	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
“Premises Leasing Master Agreement”	: the agreement entered into between the Company and a director of the Company dated 22 November 2013 for the leasing of properties by the directors and/or her associates (as defined in the Listing Rules) to the Group for a term of three years from 1 January 2014
“Premises Leasing Master Agreement with STDM”	: the agreement entered into between the Company and STDM dated 18 June 2008 and renewed on 23 December 2019 for the leasing of properties by STDM or the members of the STDM Group to the Group up to 31 December 2022
“Products and Services Master Agreement”	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group
“Renewed Master Agreement”	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 and thereafter on 23 December 2019 for a term of three years from 1 January 2020
“Renewed Premises Leasing Master Agreement”	: Renewal of Premises Leasing Master Agreement dated 14 December 2016 entered into between the Company and a director of the Company for a term of three years from 1 January 2017
“Scheme”	: the share option scheme of the Company adopted on 13 May 2009 which has lapsed on 13 May 2019
“SFO”	: the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	: the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“SJM”	: Sociedade de Jogos de Macau, S.A., a joint stock company “sociedade anónima” incorporated under the laws of Macau and a subsidiary of the Company
“Special Complementary Tax”	: the dividend tax which the shareholders are obligated to pay to Macau SAR government for dividend distribution

DEFINITIONS

“Service Agreement”	: the agreement entered into between SJM and Tin Hou dated 19 February 2010 regarding the provision of management services and promotion service to SJM by Tin Hou in the gaming area of Grand Emperor Hotel in Macau SAR
“ST-CITS”	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
“STDM-I”	: STDM-Investments Limited, a subsidiary of STDM liquidated on 15 August 2011
“STDM-I Surety”	: a surety provided by STDM-I in favour of the Company for the due and punctual payment of certain obligations of the Company may incur
“STDM Group”	: STDM and its associates (as defined in the Listing Rules), excluding the Group
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“the Reporting Period”	: the period for the six months ended 30 June 2020
“Tin Hou”	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and was a connected person of the Company
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	: Macau Pataca(s), the lawful currency of Macau
“%”	: per cent



Designed And Produced By: EDICO Financial Press Services Limited
設計及製作：鉅京財經印刷服務有限公司

Visit our website
到訪我們的網站

<http://www.sjmholdings.com>



Protect our environment, choose to receive corporate communication by electronic means
保護環境，選用電子形式收取公司通訊

