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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) as follows.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		(Decrease)
	2014 HK\$ million	2013 HK\$ million	
Gaming Revenue	79,269	86,956	(8.8%)
Hotel, Catering and Other Income	971	1,251	(22.4%)
Adjusted EBITDA*	7,763	8,676	(10.5%)
Profit attributable to owners of the Company	6,731	7,706	(12.7%)
Earnings per share			
— basic	HK120.0 cents	HK138.8 cents	(13.5%)
— diluted	HK119.3 cents	HK137.5 cents	(13.2%)
Dividend per ordinary share			
— proposed final dividend	HK62 cents	HK50 cents	
— proposed special dividend	—	HK30 cents	
— interim dividend paid	<u>HK22 cents</u>	<u>HK20 cents</u>	
— total dividends for the year	<u>HK84 cents</u>	<u>HK100 cents</u>	(16.0%)

* Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, premium on acquisition written off, loss on disposal/written off of property and equipment and share-based payments.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK62 cents per ordinary share of the Company (the “Share”) (2013: final dividend of HK50 cents per Share and special dividend of HK30 cents per share), for the year ended 31 December 2014, which is subject to approval at the forthcoming annual general meeting of the Company to be held on Thursday, 18 June 2015 (the “2015 Annual General Meeting”).

OPERATING HIGHLIGHTS

- Gaming revenue earned by Sociedade de Jogos de Macau, S.A. (“SJM”), a subsidiary of the Company, decreased by 8.8% to HK\$79,269 million.
- Adjusted EBITDA of the Group decreased by 10.5% to HK\$7,763 million.
- Profit attributable to owners of the Company dropped by 12.7% to HK\$6,731 million.
- SJM continued to lead in market share of the Macau casino gaming market, with overall gaming market share of 23.2%.
- Casino Grand Lisboa contributed gaming revenue of HK\$29,587 million for the year, a decrease of 8.3% over the previous year, and Adjusted Property EBITDA of HK\$4,273 million, a decrease of 8.2% over the previous year.
- Grand Lisboa Hotel’s occupancy rate decreased by 3.2% to 93.2% for the full year, whilst average room rate increased by 4.0% to HK\$2,325.
- Hotel, catering and other income decreased by 22.4% to HK\$971 million, reflecting the impact of a one-off gain of HK\$149 million from the Group’s investment in Macau Legend Development Limited in 2013 and a decrease in fair value of financial assets of HK\$140 million in the current year.
- The Group maintained its strong balance sheet, with cash and bank balances totaling HK\$24,418 million as at 31 December 2014.
- On 13 February 2014, groundbreaking was held for Lisboa Palace, the Group’s integrated resort on Cotai, featuring three five-star hotels with a total of approximately 2,000 hotel rooms, fine and casual dining, shopping and entertainment facilities, and a casino. Substantial foundation work was completed in 2014 and the project is on track for opening in 2017.
- A final dividend of HK62 cents per Share has been proposed. If the proposed dividend is approved at the forthcoming annual general meeting of the Company, total dividends for 2014, including interim dividend of HK22 cents per Share paid in September 2014, would be HK84 cents per Share, equal to 70.4% of diluted earnings per Share.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Notes</i>	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Gaming, hotel, catering and related services revenues		<u>79,933.9</u>	<u>87,650.9</u>
Gaming revenue	4	79,268.5	86,956.3
Special gaming tax, special levy and gaming premium		<u>(30,495.8)</u>	<u>(33,425.2)</u>
		48,772.7	53,531.1
Hotel, catering and related services income		665.4	694.6
Cost of sales and services on hotel, catering and related services		(266.3)	(292.5)
Other income, gains and losses		306.0	556.4
Marketing and promotional expenses		(33,788.6)	(38,459.1)
Operating and administrative expenses		(8,780.3)	(8,178.1)
Finance costs	5	(72.6)	(89.5)
Share of profits of an associate		26.0	6.2
Share of profits of a joint venture		<u>7.4</u>	<u>5.8</u>
Profit before taxation	6	6,869.7	7,774.9
Taxation	7	<u>(88.3)</u>	<u>(52.5)</u>
Profit for the year		6,781.4	7,722.4
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		<u>(1,095.5)</u>	<u>1,223.9</u>
Total comprehensive income for the year		<u>5,685.9</u>	<u>8,946.3</u>
Profit for the year attributable to			
— owners of the Company		6,730.7	7,706.0
— non-controlling interests		<u>50.7</u>	<u>16.4</u>
		<u>6,781.4</u>	<u>7,722.4</u>
Total comprehensive income for the year attributable to			
— owners of the Company		5,635.2	8,929.9
— non-controlling interests		<u>50.7</u>	<u>16.4</u>
		<u>5,685.9</u>	<u>8,946.3</u>
Earnings per share			
— Basic	9	<u>HK120.0 cents</u>	<u>HK138.8 cents</u>
— Diluted	9	<u>HK119.3 cents</u>	<u>HK137.5 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	<i>Notes</i>	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Non-current assets			
Property and equipment		11,431.4	8,325.3
Land use rights		2,728.9	2,771.0
Intangible asset		14.2	20.5
Art works and diamonds		281.3	289.2
Interest in an associate		45.1	19.1
Interest in a joint venture		101.2	93.8
Available-for-sale investments in equity securities		608.4	1,703.9
Deposits made on acquisitions		173.0	426.7
Amount due from a fellow subsidiary		—	63.7
Amount due from an associate		88.4	88.4
Amount due from a joint venture		14.3	14.3
Amount due from an investee company		75.0	93.0
Pledged bank deposits		525.9	633.7
		16,087.1	14,542.6
Current assets			
Inventories		63.0	62.4
Trade and other receivables	<i>10</i>	2,093.9	1,509.5
Amount due from ultimate holding company		0.1	3.4
Financial assets at fair value through profit or loss		78.6	151.3
Pledged bank deposits		85.8	43.7
Short-term bank deposits		14,259.8	14,910.2
Bank balances and cash		9,546.8	11,145.4
		26,128.0	27,825.9
Current liabilities			
Trade and other payables	<i>11</i>	14,383.4	15,318.9
Payable for acquisition of land use rights		327.3	311.5
Obligations under finance leases		—	9.3
Taxation payable		41.1	41.1
Long-term bank loans		257.9	318.3
Amount due to non-controlling interests of a subsidiary		22.9	22.9
		15,032.6	16,022.0
Net current assets		11,095.4	11,803.9
Total assets less current liabilities		27,182.5	26,346.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2014*

	<i>Notes</i>	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Non-current liabilities			
Other payables	<i>11</i>	281.5	—
Payable for acquisition of land use rights		522.3	849.6
Obligations under finance leases		—	63.7
Long-term bank loans		733.1	1,191.2
Amount due to non-controlling interests of a subsidiary		650.3	705.8
Deferred taxation		133.0	81.0
		<u>2,320.2</u>	<u>2,891.3</u>
Net assets		<u>24,862.3</u>	<u>23,455.2</u>
Capital and reserves			
Share capital		11,231.9	5,553.5
Reserves		<u>13,532.1</u>	<u>17,849.6</u>
Equity attributable to owners of the Company		24,764.0	23,403.1
Non-controlling interests		<u>98.3</u>	<u>52.1</u>
Total equity		<u>24,862.3</u>	<u>23,455.2</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 operation of casinos and related facilities in Macau Special Administrative Region, the People's Republic of China ("**Macau SAR**"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A., a company established in Macau SAR. The address of registered office and principal place of business of the Company is Suites 3001–3006, 30th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values. The consolidated financial statements have also been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by transitional and saving arrangements for Part 9 of Hong Kong Companies Ordinance (Cap. 622).

2.1 Application of new and revised HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs and a new interpretation issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosure for non-financial assets
Amendments to HKAS 39	Novation of derivative and continuation of hedging accounting
HK(IFRIC*)-INT 21	Levies

* IFRIC represents the IFRS Interpretations Committee

The application of the above new or revised HKFRSs in current year has had no material effect on the amounts reported in the consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

2.2 New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments ¹
HKFRS 14	Regulatory deferral accounts ²
HKFRS 15	Revenue from contracts with customers ³
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁵
Amendments to HKAS 1	Disclosure initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ⁵
Amendments to HKAS 19	Defined benefit plans: Employee contributions ⁴
Amendments to HKAS 27	Equity method in separate financial statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the Consolidation exception ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁶
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The management of the Company is aware of the above new and revised HKFRSs and has considered the impact of the application. Except for the possibility that the application of HKFRS 9 and HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in the financial information of the Group and the Company, the management of the Company anticipates that the application of the above standards and amendments will have no material impact on the financial results and financial position of the Group and the Company.

3. OPERATING SEGMENTS

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

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

For gaming operations, the chief operating decision maker (the “CODM”), which is a group of executive directors of the Company, regularly analyses gaming revenue in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations. The CODM reviews the operating results of gaming operations as a whole for resources allocation and performance assessment. For hotel and catering operations, the CODM regularly reviews the performance on the basis of 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 operating segment named “hotel and catering operations”.

Segment information about these businesses is presented below:

- (a) An analysis of the Group’s revenue and results by operating segments is as follows:

	Segment revenue		Segment results	
	2014	2013	2014	2013
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Gaming operations	<u>79,268.5</u>	<u>86,956.3</u>	7,086.1	7,734.5
Hotel and catering operations				
— external sales	665.4	694.6		
— inter-segment sales	<u>321.4</u>	<u>300.9</u>		
	986.8	995.5	(257.0)	(273.9)
Eliminations	<u>(321.4)</u>	<u>(300.9)</u>		
	<u>665.4</u>	<u>694.6</u>		
	<u>79,933.9</u>	<u>87,650.9</u>		
			6,829.1	7,460.6
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate income			232.4	192.4
Unallocated corporate expenses			(152.5)	(105.8)
Gain on derivatives arising from available-for-sale investments in equity securities			—	148.7
Change in fair value of financial assets at fair value through profit or loss			(72.7)	67.0
Share of profits of an associate			26.0	6.2
Share of profits of a joint venture			<u>7.4</u>	<u>5.8</u>
Profit before taxation			<u>6,869.7</u>	<u>7,774.9</u>

3. OPERATING SEGMENTS (Continued)

Segment results represent the profit earned by each segment without allocation of corporate income and expenses, certain other income, gain on derivatives arising from available-for-sale investments in equity securities, change in fair value of financial assets at fair value through profit or loss, share of results of an associate/a joint venture and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

(b) An analysis of the Group's financial position by operating segments is as follows:

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Assets		
Segment assets		
— gaming operations	16,948.4	19,404.3
— hotel and catering operations	5,589.2	6,364.1
	22,537.6	25,768.4
Interest in an associate	45.1	19.1
Interest in a joint venture	101.2	93.8
Unallocated bank deposits, bank balances and cash	12,300.0	11,197.2
Other unallocated assets	7,231.2	5,290.0
Group's total	42,215.1	42,368.5
Liabilities		
Long term bank loans		
— gaming operations	438.8	668.4
— hotel and catering operations	552.2	841.1
	991.0	1,509.5
Other segment liabilities		
— gaming operations	13,987.8	15,081.2
— hotel and catering operations	336.9	304.9
	14,324.7	15,386.1
Total segment liabilities	15,315.7	16,895.6
Unallocated liabilities	2,037.1	2,017.7
Group's total	17,352.8	18,913.3

3. OPERATING SEGMENTS (Continued)

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

- (i) other unallocated assets include mainly certain land use rights, certain property and equipment, available-for-sale investments in equity securities, amounts due from an associate/a joint venture/an investee company, art works and diamonds and financial assets at fair value through profit or loss.
- (ii) unallocated liabilities include mainly amount due to non-controlling interests of a subsidiary and payable for acquisition of land use rights.
- (iii) all assets are allocated to operating segments, other than interests in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in (i).
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments.

(c) Other segment information of the Group

	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Additions to non-current assets (other than financial instruments)		
— gaming operations	1,069.2	930.1
— hotel and catering operations	58.9	17.8
— corporate level*	<u>3,257.7</u>	<u>2,866.2</u>
	<u><u>4,385.8</u></u>	<u><u>3,814.1</u></u>
Depreciation and amortisation		
— gaming operations	647.4	654.1
— hotel and catering operations	446.8	485.9
— corporate level	<u>5.6</u>	<u>3.5</u>
	<u><u>1,099.8</u></u>	<u><u>1,143.5</u></u>
(Gains) losses on disposal/write-off of property and equipment		
— gaming operations	(2.2)	13.3
— hotel and catering operations	14.8	2.7
— corporate level	<u>0.6</u>	<u>—</u>
	<u><u>13.2</u></u>	<u><u>16.0</u></u>

* Amount included certain land use rights, and property and equipment where the directors of the Company consider it is impracticable to divide into individual segment at this stage due to preliminary stage of the relevant project.

3. OPERATING SEGMENTS (Continued)

(c) Other segment information of the Group (Continued)

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Share-based payments		
— gaming operations	217.1	95.2
— corporate level	10.3	4.6
	227.4	99.8
Finance costs		
— gaming operations	22.8	23.6
— hotel and catering operations	19.3	29.8
— corporate level	30.5	36.1
	72.6	89.5
Interest income		
— gaming operations	132.4	107.6
— hotel and catering operations	20.2	19.5
— corporate level	219.4	177.7
	372.0	304.8

All revenues during each of the reporting periods are derived from customers in Macau SAR and almost all of the non-current assets, other than financial instruments, of the Group are located in Macau SAR. None of the customers of the Group contributed more than 10% of the total revenues during each of the reporting periods.

4. GAMING REVENUE

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Gaming revenue from		
— VIP gaming operations	48,244.8	58,306.4
— mass market table gaming operations	29,685.6	27,255.9
— slot machine and other gaming operations	<u>1,338.1</u>	<u>1,394.0</u>
	<u><u>79,268.5</u></u>	<u><u>86,956.3</u></u>

5. FINANCE COSTS

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Interest on		
— bank borrowings wholly repayable within five years	42.1	53.4
— finance leases repayable within five years	0.3	4.2
— acquisition of land use rights	52.3	40.0
Imputed interest on amount due to non-controlling interests of a subsidiary	<u>30.2</u>	<u>31.9</u>
	124.9	129.5
Less: Amount capitalised	<u>(52.3)</u>	<u>(40.0)</u>
	<u><u>72.6</u></u>	<u><u>89.5</u></u>

6. PROFIT BEFORE TAXATION

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration		
— fees, salaries, bonus and other benefits	89.0	79.9
— share-based payments	<u>13.8</u>	<u>6.1</u>
	<u>102.8</u>	<u>86.0</u>
Retirement benefits scheme contributions for other staff	99.4	92.4
Less: Forfeited contributions	<u>(25.0)</u>	<u>(18.4)</u>
	<u>74.4</u>	<u>74.0</u>
Share-based payments to other staff	204.2	89.2
Other staff costs	<u>5,741.6</u>	<u>5,126.3</u>
	<u>5,945.8</u>	<u>5,215.5</u>
Total employee benefit expenses	<u>6,123.0</u>	<u>5,375.5</u>
Auditor's remuneration		
— audit services	8.3	8.3
— non-audit services	<u>4.9</u>	<u>4.5</u>
	<u>13.2</u>	<u>12.8</u>

6. PROFIT BEFORE TAXATION (Continued)

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Operating lease rentals in respect of		
— land use rights	44.9	44.0
— rented premises	<u>334.4</u>	<u>334.7</u>
	<u>379.3</u>	<u>378.7</u>
Amortisation of intangible asset (included in operating and administrative expenses)	6.3	6.4
Depreciation of property and equipment	1,093.5	1,137.1
Loss on disposal/write-off of property and equipment	13.2	16.0
Change in fair value of financial assets at fair value through profit or loss	72.7	—
Share-based payments to other participants (included in operating and administrative expenses)	9.4	4.5
<i>and after crediting:</i>		
Interest income from		
— bank deposits	371.7	300.6
— a fellow subsidiary	<u>0.3</u>	<u>4.2</u>
	<u>372.0</u>	<u>304.8</u>
Dividend income	5.2	13.3
Recovery of allowance for doubtful debts	3.2	—
Change in fair value of financial assets at fair value through profit or loss	—	67.0
Gain on derivatives arising from available-for-sale investments in equity securities	<u>—</u>	<u>148.7</u>

7. TAXATION

	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Current year taxation — Macau SAR Complementary Tax	41.1	41.1
Underprovision in prior years	<u>—</u>	<u>0.4</u>
	41.1	41.5
Reversal of tax provision made in prior years	<u>—</u>	<u>(21.3)</u>
	41.1	20.2
Deferred taxation	<u>47.2</u>	<u>32.3</u>
	<u>88.3</u>	<u>52.5</u>

No provision for Macau SAR Complementary Tax (“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 notice issued by Macau SAR government dated 23 November 2011, SJM has been exempted from CT for income generated from gaming operations for the years from 2012 to 2016.

In addition, pursuant to the approval letters dated 10 August 2012 issued by the Finance Services Bureau of the Macau SAR government, SJM’s shareholders were obligated to pay a dividend tax of MOP42.3 million (equivalent to HK\$41.1 million) for dividend distribution by SJM (the “**Special Complementary Tax**”) for each of the years from 2012 to 2016. During the year, the Company, as a shareholder of SJM, was obligated to pay HK\$41.1 million (2013: HK\$41.1 million).

Pursuant to the CT law, the CT assessment on the estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment. At the end of the reporting period, the directors of the Company reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$21.3 million for the 2006 year of assessment accordingly.

Regarding the other subsidiaries, CT is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both years.

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

8. DIVIDENDS

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Interim dividend per ordinary share paid		
— HK22 cents for 2014	1,244.3	—
— HK20 cents for 2013	—	1,110.6
Special dividend per ordinary share paid		
— HK30 cents for 2013	1,696.7	—
— HK30 cents for 2012	—	1,665.1
Final dividend per ordinary share paid		
— HK50 cents for 2013	2,827.8	—
— HK50 cents for 2012	—	2,775.1
	<u>5,768.8</u>	<u>5,550.8</u>

The final dividend of HK62 cents per ordinary share, totalling HK\$3,506.7 million, is proposed by the directors of the Company at a board meeting held on 25 February 2015, which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting and is calculated on the basis of 5,655,929,293 ordinary shares in issue at the date of this report.

9. EARNINGS PER SHARE

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

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>6,730.7</u>	<u>7,706.0</u>
	2014	2013
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,611,063,923	5,550,417,186
Effect of dilutive potential ordinary shares on share options	<u>30,050,399</u>	<u>54,149,087</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,641,114,322</u>	<u>5,604,566,273</u>

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Advances to gaming promoters and patrons	981.4	977.0
Other receivables from gaming promoters and service providers	578.9	41.0
Prepayments	160.2	127.9
Other sundry receivables	373.4	363.6
	<u>2,093.9</u>	<u>1,509.5</u>

Other receivables from gaming promoters and service providers are interest-free, unsecured and repayable on demand at discretion of the Group. The amounts represent certain operating costs to be reimbursed from gaming promoters and service providers.

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

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

	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Age		
0 to 30 days	981.4	973.5
Over 90 days	<u>—</u>	<u>3.5</u>
	<u>981.4</u>	<u>977.0</u>

Advances to gaming promoters and patrons 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. For advances to gaming patrons, the credit period granted to pre-approved gaming patrons with good financial track records is generally 15 days. At 31 December 2014, all of the advances to gaming promoters and patrons (net of allowances) are neither past due nor impaired.

10. TRADE AND OTHER RECEIVABLES (Continued)

Advances are only granted to gaming promoters and patrons 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.

Movement in the allowance for doubtful debts

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
At 1 January	87.1	87.1
Write-off	(1.1)	—
Amount recovered during the year	<u>(3.2)</u>	<u>—</u>
At 31 December	<u><u>82.8</u></u>	<u><u>87.1</u></u>

Allowance for doubtful debts with an aggregate balance of HK\$82.8 million (2013: HK\$87.1 million) mainly represent individually impaired receivables from gaming promoters as the management considered the outstanding balances from these gaming promoters were uncollectible.

11. TRADE AND OTHER PAYABLES

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>
Trade payables	2,263.1	2,855.1
Special gaming tax payable	2,065.8	2,962.7
Chips in circulation	6,732.4	7,551.8
Chips in custody and deposits received from gaming patrons and gaming promoters	1,342.4	352.6
Payable for acquisition of property and equipment	60.9	63.8
Construction payables	677.9	216.3
Accrued staff costs	947.1	632.9
Rentals payables	152.1	222.4
Withholding tax payable for gaming promoters and employees	20.9	27.4
Other sundry payables and accruals	<u>402.3</u>	<u>433.9</u>
	14,664.9	15,318.9
Less: Non-current portion	<u>(281.5)</u>	<u>—</u>
Current portion	<u><u>14,383.4</u></u>	<u><u>15,318.9</u></u>

11. TRADE AND OTHER PAYABLES (Continued)

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

	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Age		
0 to 30 days	2,216.4	2,816.1
31 to 60 days	32.2	25.1
61 to 90 days	2.0	0.9
Over 90 days	<u>12.5</u>	<u>13.0</u>
	<u>2,263.1</u>	<u>2,855.1</u>

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.

BUSINESS REVIEW

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

Group Operating Results

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2014 each declined from last year:

Group operating results	For the year ended 31 December		(Decrease)
	2014	2013	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total revenue	79,934	87,651	(8.8%)
Gaming revenue	79,269	86,956	(8.8%)
Profit attributable to owners of the Company	6,731	7,706	(12.7%)
Adjusted EBITDA ¹	7,763	8,676	(10.5%)
Adjusted EBITDA Margin ²	9.7%	9.9%	(0.2%)

¹ Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, premium on acquisition written off, loss on disposal/written off of property and equipment and share-based payments.

² Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of total revenue.

VIP gaming revenue of the Group declined by 17.3% in 2014 and mass market table gaming revenue increased by 8.9%, reflecting the overall downturn in Macau gaming revenue. According to statistics from the MSAR government, gaming revenue of Macau declined by 2.6% in 2014, comprising a 10.9% decline in VIP gaming revenue, a 15.5% increase in mass market table gaming revenue and a 0.4% increase in slot machine gaming revenue. The downturn in VIP gaming revenue, which manifested itself mainly in the second half of the year, was brought about primarily by changes in administrative policies of Mainland China. These changes, combined with weakness in some sectors of the China economy, affected upper-end play in each of the Group's gaming segments: VIP, mass market and slot machines.

During 2014, the Group accounted for 23.2% of Macau's casino gaming revenue of \$341,282 million, the largest market share among the six concessionaires and subconcessionaires. The Group's overall market share declined from 24.8% for the full year 2013.

The Group's Adjusted EBITDA Margin for the year was 9.7%, a decrease from 9.9% in 2013. If calculated under United States generally accepted accounting principles ("US GAAP"), the Group's Adjusted EBITDA Margin would be 16.7% for 2014, as compared with 17.5% in 2013 (See "Comparison with United States GAAP Accounting" below).

Net profit for the year 2014 was affected by deductions of share-based payments of \$227 million, as compared with \$100 million in the previous year. Depreciation in 2014 was \$1,094 million compared with \$1,137 million in 2013, and interest expense was \$73 million, compared with \$90 million.

Operating Results — VIP Gaming

VIP operations	For the year ended 31 December		
	2014	2013	(Decrease)
Gaming revenue (HK\$ million)	48,245	58,306	(17.3%)
Average daily net-win per VIP gaming table (HK\$)	231,485	257,651	(10.2%)
VIP chips sales (HK\$ million)	1,719,555	1,963,352	(12.4%)
Average number of VIP gaming tables (Average of month-end numbers)	571	620	(7.9%)

VIP gaming operations accounted for 60.9% of the Group's total gaming revenue in 2014, as compared with 67.1% for the previous year. As at 31 December 2014, SJM had 567 VIP gaming tables in operation with 35 VIP promoters, as compared with 574 VIP gaming tables and 38 VIP promoters as at 31 December 2013. As at 31 December 2014, SJM operated VIP gaming in 14 of its casinos.

The Group's gaming revenue from VIP gaming operations amounted to approximately 23.4% of total VIP gaming revenue in Macau, compared to 25.2% in the corresponding period last year, according to figures from DICJ. The hold rate for SJM's VIP operations decreased in 2014 to 2.80% from 2.85% in 2013.

Operating Results — Mass Market Table Gaming

Mass market operations	For the year ended 31 December		
	2014	2013	Increase
Gaming revenue (HK\$ million)	29,686	27,256	8.9%
Average daily net-win per mass market gaming table (HK\$)	68,116	64,653	5.4%
Average number of mass market gaming tables (Average of month-end numbers)	1,194	1,155	3.4%

Gaming revenue from mass market table gaming operations comprised 37.4% of the Group's total gaming revenue in 2014, as compared with 31.3% in 2013. SJM had 1,214 mass market gaming tables in operation as at 31 December 2014, as compared with 1,210 mass market gaming tables as at 31 December 2013.

Operating Results — Slot Machines and Other Gaming Operations

Slot machine operations	For the year ended 31 December		Increase/
	2014	2013	(Decrease)
Gaming revenue (HK\$ million)	1,338	1,394	(4.0%)
Average daily net-win per slot machine (HK\$)	1,282	1,153	11.2%
Average number of slot machines (Average of month-end numbers)	2,856	3,308	(13.7%)

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 1.7% of the Group's total gaming revenue in 2014, compared with 1.6% in 2013. SJM had 2,865 slot machines in service as at 31 December 2014 as compared with 2,880 slot machines as at 31 December 2013.

As at 31 December 2014, SJM operated slot machines in 11 of its casinos.

Operating Results of Casino Segments — Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa also showed a decline in revenue and profitability during the year. Visitation to Grand Lisboa decreased from an average of 40,104 visitors per day in the first quarter, to an average of 36,849 visitors per day in the fourth quarter.

Casino Grand Lisboa	For the year ended 31 December		Increase/
	2014	2013	(Decrease)
Revenue (HK\$ million)	29,587	32,248	(8.3%)
Profit attributable to the Group (HK\$ million)	3,857	4,322	(10.7%)
Adjusted Property EBITDA ³ (HK\$ million)	4,273	4,654	(8.2%)
Adjusted Property EBITDA Margin ⁴	14.4%	14.4%	0.0%

³ Adjusted Property EBITDA is earnings after adjustment for non-controlling interest and before accounting for interest income and expense, tax, depreciation and amortisation, donations, premium on acquisition written off, loss on disposal/written off of property and equipment and share-based payments, and before elimination of inter-company consumption.

⁴ Adjusted Property EBITDA Margin is Adjusted Property EBITDA as a percentage of revenue.

Operating results of Casino Grand Lisboa by operating segment are as follows:

Casino Grand Lisboa	For the year ended 31 December		Increase/ (Decrease)
	2014	2013	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	22,138	25,795	(14.2%)
Average daily net-win per VIP gaming table (HK\$)	338,844	360,563	(6.0%)
VIP chips sales (HK\$ million)	821,925	871,904	(5.7%)
Average number of VIP gaming tables (Average of month-end numbers)	179	196	(8.7%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	6,957	5,996	16.0%
Average daily net-win per mass market gaming table (HK\$)	72,748	70,502	3.2%
Average number of mass market gaming tables (Average of month-end numbers)	262	233	12.4%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	491	457	7.5%
Average daily net-win per slot machine (HK\$)	1,797	1,764	1.9%
Average number of slot machines (Average of month-end numbers)	749	710	5.5%

During 2014 Casino Grand Lisboa expanded its mass market table gaming operations from 250 tables as at 1 January 2014 to 274 tables as at 31 December 2014, whilst VIP tables were reduced from 181 to 177 during the same period.

If calculated under US GAAP, the Adjusted Property EBITDA Margin of Casino Grand Lisboa would be approximately 24.1% for 2014, as compared with 24.5% in 2013 (See “Comparison with United States GAAP Accounting” below).

During 2014, Casino Grand Lisboa attracted a total of over 13.6 million visitors, an average of 37,461 visitors per day, a decrease of 6.1% over the previous year. Jackpots are paid frequently, with the total exceeding \$177 million for slot machines and over \$43 million for table games (Caribbean Stud Poker) in 2014. During the year, the number of active members of the Casino Grand Lisboa loyalty card programme increased by over 84,597 to 910,372.

As at 31 December 2014, Casino Grand Lisboa operated a total of 762 slot machines.

Operating Results of Casino Segments — Other Self-promoted Casinos and Slot Halls

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai and, until 28 February 2013, Casino Jai Alai. The latter two casinos operate under the same license. During 2013 the Group also operated two self-promoted slot halls: Yat Yuen Canidrome Slot Lounge (suspended on 25 November 2013) and Treasure Hunt Slot Lounge (suspended on 24 May 2013) (collectively, “Other Self-promoted Casinos and Slot Halls”).

Other self-promoted casinos and slot halls	For the year ended 31 December		Increase/ (Decrease)
	2014	2013	
Revenue (HK\$ million)	9,933	12,450	(20.2%)
Profit attributable to the Group (HK\$ million)	1,258	1,386	(9.2%)
Adjusted EBITDA (HK\$ million)	1,461	1,598	(8.6%)
Adjusted EBITDA Margin	14.7%	12.8%	1.9%

Adjusted Property EBITDA Margin for these operations increased mainly due to a comparatively smaller proportion of VIP gaming revenue at Casino Lisboa during the year. Operating results of other self-promoted casinos and slot halls by operating segment are as follows:

Other self-promoted casinos and slot halls	For the year ended 31 December		Increase/ (Decrease)
	2014	2013	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	4,560	7,191	(36.6%)
Average daily net-win per VIP gaming table (HK\$)	277,648	364,817	(23.9%)
VIP chips sales (HK\$ million)	149,590	248,153	(39.7%)
Average number of VIP gaming tables (Average of month-end numbers)	45	54	(16.7%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,129	4,830	6.2%
Average daily net-win per mass market gaming table (HK\$)	46,376	43,671	6.2%
Average number of mass market gaming tables (Average of month-end numbers)	303	303	0.0%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	244	429	(43.1%)
Average daily net-win per slot machine (HK\$)	932	1,257	(25.9%)
Average number of slot machines (Average of month-end numbers)	713	932	(23.5%)

As at 31 December 2014, Casino Lisboa operated a total of 58 VIP gaming tables, 114 mass market gaming tables and 182 slot machines.

As at 31 December 2014, Casino Oceanus at Jai Alai operated a total of 175 mass market gaming tables and 548 slot machines.

Operating Results of Casino Segments — Satellite Casinos and Slot Hall

As at 31 December 2014, SJM operated 15 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Greek Mythology, Casino Jimei, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Macau Jockey Club, Casino Ponte 16 and Casino Club VIP Legend.

Twelve of SJM's satellite casinos are located on the Macau Peninsula whilst three satellite casinos are located on the island of Taipa, comprising a total of 332 VIP gaming tables, 651 mass market gaming tables and 1,373 slot machines, as at 31 December 2014.

The satellite casinos are operated in accordance with service agreements between SJM and third party promoters.

	For the year ended 31 December		
Satellite casinos and slot hall	2014	2013	(Decrease)
Revenue (HK\$ million)	39,749	42,259	(5.9%)
Profit attributable to the Group (HK\$ million)	1,653	1,800	(8.2%)
Adjusted EBITDA (HK\$ million)	1,683	1,803	(6.6%)
Adjusted EBITDA Margin	4.2%	4.3%	(0.1%)

Operating results of satellite casinos and slot hall by operating segment are as follows:

Satellite casinos and slot hall	For the year ended 31 December		Increase/ (Decrease)
	2014	2013	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	21,546	25,321	(14.9%)
Average daily net-win per VIP gaming table (HK\$)	169,628	187,495	(9.5%)
VIP chips sales (HK\$ million)	748,040	843,294	(11.3%)
Average number of VIP gaming tables (Average of month-end numbers)	348	370	(5.9%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	17,600	16,430	7.1%
Average daily net-win per mass market gaming table (HK\$)	76,659	72,721	5.4%
Average number of mass market gaming tables (Average of month-end numbers)	629	619	1.6%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	603	508	18.7%
Average daily net-win per slot machine (HK\$)	1,185	835	41.9%
Average number of slot machines (Average of month-end numbers)	1,394	1,666	(16.3%)

Non-gaming Operations

For the year ended 31 December 2014, the Grand Lisboa Hotel contributed \$656 million in revenue and \$210 million in Adjusted Property EBITDA to the Group as compared with \$710 million in revenue and \$244 million in Adjusted Property EBITDA for the previous year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 93.2% for the full year, as compared with 96.4% for the previous year, and the average room rate for the full year 2014 was approximately \$2,325 as compared with \$2,235 in 2013.

Food and beverage units at the Grand Lisboa Hotel continued to earn international recognition. Amongst numerous awards, French restaurant “Robuchon au Dôme” and Cantonese restaurant “The Eight” were the only restaurants in Macau to receive three stars in the 2015 Michelin Guide. Modern steakhouse “The Kitchen” was also awarded one star, while the “Noodle and Congee Corner” was awarded a “Bib Gourmand” by Michelin for good value in top quality cuisine. The wine cellars of “Robuchon au Dôme” and “Don Alfonso 1890” received the Grand Award and “The Kitchen” received the Best of Award of Excellence from *Wine Spectator*. “The Eight” and “Robuchon au Dôme” were also among the Top 20 Restaurants of 2015 selected by *Hong Kong Tatler*.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, improved during 2014 and contributed \$242 million in revenue to the Group, compared with a contribution of \$204 million in 2013. The occupancy rate of the 408-room hotel averaged 90.3% for the full year 2014 as compared with 90.7% in 2013, whilst average room rate increased by 14.1% to \$1,373. The Sofitel at Ponte 16 received numerous travel industry awards in 2014, in both business and luxury categories.

Income from all hotel, catering and related services, after inter-company elimination, totaled \$665 million in 2014, a decrease of 4.2% from \$695 million in 2013, due primarily to slightly lower hotel room occupancy. Other income, primarily interest earned on bank deposits, finance leases interest received and dividend income from investment in listed shares, decreased to \$306 million from \$556 million during the year, due primarily to decline in market value of investment in listed shares.

PROSPECTS AND RECENT DEVELOPMENTS

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

Business Model and Key Strategies

Our strategic objective is sustainable long-term growth in shareholder value. As a leading operator, owner and developer of casinos and related businesses in Macau, our key strategies for delivering this objective are as follows:

- We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by government regulation.
- We will continue to improve and enhance the efficiency of our existing properties in both the mass market and VIP segments of the gaming business.
- We will remain focused principally on Macau, while selectively considering opportunities for future expansion in the Asian region.
- We will maintain a strong financial position, with a view to long-term growth.

Market Environment

The decline of Macau's total gaming revenue by 2.6% in 2014 represented the first annual decrease since the liberalization of Macau gaming market in 2002. Multiple factors, including government policies and economic conditions, contributed to the revenue decrease, which followed an extended period of rapid growth.

Visitation to Macau increased by 7.5% to 31.5 million in 2014, according to the Macau Government Statistics and Census Service. Visitors from the Mainland increased by 14.1% to 21.3 million, and visitors from the Mainland traveling under the Individual Visa Scheme increased by 18.7% to 9.6 million.

Whilst it is not clear how long the conditions which inhibited gaming revenue growth in 2014 will continue, the Group remains optimistic about its future prospects, given the potential for growth of visitation and spending in Macau, infrastructure developments that improve access to Macau, the general prosperity of the Asian region, the Group's strategically located network of casinos and its strong balance sheet.

Current and Recent Initiatives

In pursuit of the Group's strategy of growing its business through expansion of casino and casino-related operations in Macau and improvement in the operating efficiency of existing business units, the Group has been and is progressing on a number of initiatives in 2014 and 2015, which are described below.

Lisboa Palace

The Group began construction on the Lisboa Palace, SJM's future integrated resort on Cotai, on 13 February 2014. During the year substantial foundation work was completed, and the Group expects the project to be completed in 2017. The Lisboa Palace will comprise total gross floor area of 521,435 square metres plus 77,158 square metres parking area, with three five-star hotels totaling approximately 2,000 rooms, plus facilities for shopping, dining and entertainment, and a casino, at an estimated construction cost of approximately \$30 billion.

On 18 July 2014, agreements were signed for the concept design and licence rights for the Karl Lagerfeld Hotel at Lisboa Palace between SJM, K.L. S.A.M. and Karl Lagerfeld Greater China Holdings Limited. As the first hotel in the world fully designed by Karl Lagerfeld, it will comprise up to 270 guestrooms and suites in a 20-storey exclusive tower.

Thus, the Lisboa Palace Development will comprise three luxury hotels, Lisboa Palace in the middle tower and two distinctive hotels in the East and West towers, bearing the insignia "Karl Lagerfeld" and "Palazzo Versace" respectively.

Casino Grand Lisboa

During 2014 Casino Grand Lisboa expanded its mass market table gaming operations from 250 tables as at 1 January 2014 to 274 tables as at 31 December 2014, whilst VIP tables were reduced from 181 to 177 during the same period.

In the first quarter of 2014, the Tycoon Club, a new premium mass market gaming area, opened at Grand Lisboa with 12 high-limit baccarat tables and 38 high-limit slot machines.

During the first quarter of 2015, 78 live multi-game terminals were installed on the upper mass market gaming floor of Grand Lisboa, and current plans are to install 42 more terminals in the second half of 2015.

Later in 2015, Grand Lisboa plans to relocate the Noodle & Congee Corner Restaurant, which currently occupies part of a mezzanine floor, to a higher level whilst converting current space for additional premium mass market gaming tables.

Hotel Grand Lisboa

In July 2014, Hotel Grand Lisboa commenced its room renovation programme, the first major overhaul and updating of accommodations since the hotel opened in 2009. The programme will require approximately three years for completion, during which time approximately 5% of rooms will be unavailable at each point in time.

Jai Alai Renovation

Renovation work was halted on the former Casino Jai Alai premises in February 2014 pending receipt of government approvals. Subject to obtaining these approvals, SJM expects to reopen the building in late 2015, with new facilities including a hotel with approximately 130 rooms, restaurants and retail shops (to be operated by other service providers) that will enhance the business of the reopened Casino Jai Alai as well as Casino Oceanus at Jai Alai.

As at 31 December 2014, SJM had entered into capital commitments in connection with the Jai Alai Palace renovation project with a total value of approximately \$657 million.

Investment in Macau Legend Development Limited

Macau Legend Development Limited (“**MLD**”), of which the Group purchased 4% of the total share capital in August 2012 for \$480 million, was listed on the Stock Exchange of Hong Kong on 5 July 2013. As at 31 December 2014, the Group owned 209,068,781 shares of the company, representing approximately 3.24% of its issued share capital.

Joint Venture with eGame Group

As announced by the Group on 6 February 2014, Elite Most Limited (“**EML**”), a direct subsidiary of the Company, entered into a Joint Venture Agreement with eGame Solutions Operation Limited (“**ESO**”) and formed a joint venture company, Elite eGame International Holdings Limited (“**EEIHL**”). ESO is an international provider of integrated technology and management services for national lotteries. EEIHL was established to act as a holding company for a number of country-specific operating companies engaging in lottery operations.

The first country chosen was Cambodia and Cambodian Mark 6 Co., Ltd. (“**CM6**”), a subsidiary of EEIHL, was granted a lottery license by the Government of Cambodia in October 2014. CM6 is now gearing up for a launch of the national lottery later in 2015. The funding, which will be provided by EML, is expected to be in the region of approximately US\$10 million.

Ponte 16 Resort

As announced in February 2015 and co-organized by Ponte 16 Resort and Hong Kong 3D Museum, the first large-scale 3D museum in Macau will open at Ponte 16 Resort in mid 2015. A branch of Hong Kong 3D Museum, Ponte 16 Macau 3D Museum will have approximately 18,000 square feet of space in six theme zones, offering visitors a chance to interact with the various exhibits and 3D paintings.

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 \$23,806 million (not including \$612 million pledged bank deposits) as at 31 December 2014. This represented a decrease of 8.6% as compared with the position as at 31 December 2013 of \$26,056 million. The decrease was mainly attributable to cash outflows for dividends and capital expenditure during the year.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2014 amounted to \$991 million (as at 31 December 2013: \$1,510 million). The maturity of the Group's borrowings as at 31 December 2014 is as follows:

Maturity Profile			
Within 1 year	1–2 years	2–5 years	Total
26%	16%	58%	100%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of 2014 (as at 31 December 2013: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$26.2 billion as at 31 December 2014 (as at 31 December 2013: \$29.1 billion), of which \$25.1 billion were for the Lisboa Palace project. As at 31 December 2014, the Group was developing the construction plan for the Lisboa Palace, with an estimated construction cost of approximately \$30 billion, including capital expenditure commitments to date.

The 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 31 December 2014, certain of the Group's property and equipment and land use rights with carrying values of \$1,016 million and \$72 million, respectively (as at 31 December 2013: \$1,160 million and \$77 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$612 million as at 31 December 2014, as compared with \$677 million as at 31 December 2013.

Contingent Liabilities and Guarantees

As at 31 December 2014, the Group had total guarantees given to banks of \$87 million (as at 31 December 2013: \$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 31 December 2014.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. As at 31 December 2014, the equivalent of approximately \$458 million of the Group's outstanding borrowings were denominated in Chinese Yuan, of which the foreign exchange risk has been fully set off with a matching amount of deposits. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. Over 98% 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 year ended 31 December 2014.

Human Resources

As at 31 December 2014, the Group had approximately 22,000 full-time employees. The Group's employee turnover rate was minimal in 2014.

Staff remuneration of the Group is determined by reference to individual working performance, professional qualification, industry experience and relevant market standards, 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.

Comparison with United States GAAP Accounting

The Group's results are prepared in compliance with Hong Kong generally accepted accounting principles ("**HK GAAP**"). In comparing the Group's results to those of companies whose results are prepared under US GAAP, it should be noted that gross gaming revenues, presented under US GAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An adjusted EBITDA would then be calculated based on these reduced net gaming revenues, resulting in a significantly higher Adjusted EBITDA Margin than that calculated under HK GAAP. If calculated under US GAAP, the Group's Adjusted EBITDA Margin would be approximately 16.7% for the year ended 31 December 2014, as compared with HK GAAP which gives an Adjusted EBITDA Margin of 9.7% for the same period.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures and its management team has strived to uphold the highest standards of corporate governance and transparency.

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Corporate Governance Code ("**CG Code**") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

During the year ended 31 December 2014, the Company has complied with the code provisions of the CG Code, except for the deviation from the following code provisions:

- A.6.5: Dr. Ho Hung Sun, Stanley had not participated in continuous professional development provided by the Company due to his health reasons.
- E.1.2: Due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 5 June 2014.

CLOSURE OF REGISTER OF MEMBERS FOR 2015 ANNUAL GENERAL MEETING

- Book close dates for 2015 Annual General Meeting (both days inclusive) : 16 June 2015 to 18 June 2015
- Latest time to lodge transfer documents with the Company's share registrar : 4:30 p.m. on 15 June 2015
- Name and address of the Company's share registrar : Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

- Record date for proposed final dividend : 23 June 2015
- Latest time to lodge transfer documents with the Company's share registrar : 4:30 p.m. on 23 June 2015
- Name and address of the Company's share registrar : Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
- Expected payment date (if approved at the 2015 Annual General Meeting) : 3 July 2015

2015 ANNUAL GENERAL MEETING

The 2015 Annual General Meeting of the Company will be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 2:30 p.m. on Thursday, 18 June 2015. Notice of Annual General Meeting will be published on the Stock Exchange's website and the Company's website and despatched to shareholders of the Company in due course.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The Group's consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this preliminary announcement have been agreed by the Company's auditor, Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

By order of the Board
SJM Holdings Limited
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 25 February 2015

As at the date of this announcement, the executive directors of the Company are Dr. Ho Hung Sun, Stanley, Dr. So Shu Fai, Mr. Ng Chi Sing, Dr. Rui José da Cunha, Deputada Leong On Kei, Angela, Mr. Shum Hong Kuen, David and Mr. Fok Tsun Ting, Timothy, the non-executive director of the Company is Dr. Cheng Kar Shun and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Dr. Lan Hong Tsung, David, Hon. Shek Lai Him, Abraham and Mr. Tse Hau Yin.