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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 2015

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

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Decrease
	2015 HK\$ million	2014 HK\$ million	
Gaming Revenue	48,590	79,269	(38.7%)
Hotel, Catering and Other Income	601	971	(38.1%)
Adjusted EBITDA*	3,862	7,763	(50.3%)
Profit attributable to owners of the Company	2,465	6,731	(63.4%)
Earnings per share			
— basic	HK43.6 cents	HK120.0 cents	(63.7%)
— diluted	HK43.5 cents	HK119.3 cents	(63.5%)
Dividend per ordinary share			
— proposed final dividend	HK15 cents	HK62 cents	
— interim dividend paid	HK10 cents	HK22 cents	
— total dividends for the year	HK25 cents	HK84 cents	(70.2%)

* 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/write-off of property and equipment, share-based payments and impairment loss on available-for-sale investment in equity securities.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK15 cents per ordinary share of the Company (the “Share”) (2014: final dividend of HK62 cents per Share), for the year ended 31 December 2015, which is subject to approval at the forthcoming annual general meeting of the Company to be held on Thursday, 16 June 2016 (the “2016 Annual General Meeting”).

OPERATING HIGHLIGHTS

- Gaming revenue earned by Sociedade de Jogos de Macau, S.A. (“SJM”), a subsidiary of the Company, was HK\$48,590 million in 2015, a decrease of 38.7% from the previous year.
- Adjusted EBITDA of the Group was HK\$3,862 million, a decrease of 50.3% from the previous year.
- Profit attributable to owners of the Company was HK\$2,465 million, a decrease of 63.4% from the previous year. The amount includes an impairment loss on available-for-sale investment in equity securities of HK\$250 million (2014: Nil) and the impact on profit of suspension of a satellite casino of HK\$143 million (2014: Nil). Without these impacts, profit attributable to owners of the Company in 2015 would have decreased by 57.5% over 2014 to HK\$2,858 million.
- SJM had a 21.7% share of Macau’s gaming revenue, including 25.3% of mass market table gaming revenue and 20.2% of VIP gaming revenue.
- The Group’s flagship Casino Grand Lisboa had declines in gaming revenue, Adjusted Property EBITDA and attributable profit for the year of 44.1%, 49.5% and 56.1%, respectively.
- Grand Lisboa Hotel’s occupancy rate decreased by 10.2% to 83.0% for the full year, whilst average room rate decreased by 12.7% to HK\$2,030.
- The Group maintained its strong balance sheet, with cash, bank balances and pledged bank deposits totaling HK\$17,319 million as at 31 December 2015.
- Construction work on the Group’s integrated resort on Cotai, now named the Grand Lisboa Palace, made substantial progress in 2015. Foundation work was essentially completed by the first quarter of 2015, so that construction on the superstructure and basement levels is now well underway, for completion around the end of 2017.
- A final dividend of HK15 cents per Share has been proposed. If the proposed dividend is approved at the forthcoming annual general meeting of the Company, total dividends for 2015, including interim dividend of HK10 cents per Share paid in September 2015, would be HK25 cents per Share, equal to 57.5% of diluted earnings per Share.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Gaming, hotel, catering and related services revenues		<u>49,170.9</u>	<u>79,933.9</u>
Gaming revenue	4	48,589.5	79,268.5
Special gaming tax, special levy and gaming premium		<u>(18,819.9)</u>	<u>(30,495.8)</u>
		29,769.6	48,772.7
Hotel, catering and related services income		581.4	665.4
Cost of sales and services on hotel, catering and related services		(249.0)	(266.3)
Other income, gains and losses		19.4	306.0
Marketing and promotional expenses		(18,455.0)	(33,788.6)
Operating and administrative expenses		(9,196.0)	(8,780.3)
Finance costs	5	(51.9)	(72.6)
Share of profits of an associate		64.7	26.0
Share of profits of a joint venture		<u>7.0</u>	<u>7.4</u>
Profit before taxation	6	2,490.2	6,869.7
Taxation	7	<u>(38.3)</u>	<u>(88.3)</u>
Profit for the year		<u>2,451.9</u>	<u>6,781.4</u>
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Available-for-sale investment in equity securities:			
Losses arising during the year		(397.2)	(1,095.5)
Reclassification adjustment upon impairment		<u>250.0</u>	<u>—</u>
Other comprehensive expense for the year		<u>(147.2)</u>	<u>(1,095.5)</u>
Total comprehensive income for the year		<u>2,304.7</u>	<u>5,685.9</u>
Profit for the year attributable to			
— owners of the Company		2,465.0	6,730.7
— non-controlling interests		<u>(13.1)</u>	<u>50.7</u>
		<u>2,451.9</u>	<u>6,781.4</u>
Total comprehensive income for the year attributable to			
— owners of the Company		2,317.8	5,635.2
— non-controlling interests		<u>(13.1)</u>	<u>50.7</u>
		<u>2,304.7</u>	<u>5,685.9</u>
Earnings per share			
— Basic	9	<u>HK43.6 cents</u>	<u>HK120.0 cents</u>
— Diluted	9	<u>HK43.5 cents</u>	<u>HK119.3 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Non-current assets			
Property and equipment		14,054.4	11,431.4
Land use rights		2,634.5	2,728.9
Intangible asset		7.9	14.2
Art works and diamonds		281.3	281.3
Interest in an associate		109.8	45.1
Interest in a joint venture		108.2	101.2
Available-for-sale investment in equity securities		211.2	608.4
Other financial assets		346.2	350.7
Pledged bank deposits		424.1	525.9
		<u>18,177.6</u>	<u>16,087.1</u>
Current assets			
Inventories		63.0	63.0
Trade and other receivables	<i>10</i>	1,658.2	2,093.9
Amount due from ultimate holding company		—	0.1
Financial assets at fair value through profit or loss		61.4	78.6
Pledged bank deposits		80.9	85.8
Short-term bank deposits		6,441.7	14,259.8
Bank balances and cash		10,371.9	9,546.8
		<u>18,677.1</u>	<u>26,128.0</u>
Current liabilities			
Trade and other payables	<i>11</i>	10,730.3	14,383.4
Payable for acquisition of land use rights		343.9	327.3
Taxation payable		59.7	41.1
Long-term bank loans		158.4	257.9
Amounts due to non-controlling interests of subsidiaries		5.0	22.9
		<u>11,297.3</u>	<u>15,032.6</u>
Net current assets		<u>7,379.8</u>	<u>11,095.4</u>
Total assets less current liabilities		<u>25,557.4</u>	<u>27,182.5</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2015*

	<i>Notes</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Non-current liabilities			
Other payables	<i>11</i>	603.6	281.5
Payable for acquisition of land use rights		178.4	522.3
Long-term bank loans		554.4	733.1
Amounts due to non-controlling interests of subsidiaries		630.0	650.3
Deferred taxation		111.6	133.0
		<u>2,078.0</u>	<u>2,320.2</u>
Net assets		<u>23,479.4</u>	<u>24,862.3</u>
Capital and reserves			
Share capital		11,235.7	11,231.9
Reserves		<u>12,090.2</u>	<u>13,532.1</u>
Equity attributable to owners of the Company		23,325.9	24,764.0
Non-controlling interests		<u>153.5</u>	<u>98.3</u>
Total equity		<u>23,479.4</u>	<u>24,862.3</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 on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2.1 Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these 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 15	Revenue from contracts with customers ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ²

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

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

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 revenue and 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”.

3. OPERATING SEGMENTS (Continued)

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	
	2015	2014	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Gaming operations	<u>48,589.5</u>	<u>79,268.5</u>	2,924.4	7,086.1
Hotel and catering operations				
— external sales	581.4	665.4		
— inter-segment sales	<u>260.0</u>	<u>321.4</u>		
	841.4	986.8	(294.0)	(257.0)
Eliminations	<u>(260.0)</u>	<u>(321.4)</u>		
	<u>581.4</u>	<u>665.4</u>		
	<u>49,170.9</u>	<u>79,933.9</u>		
			2,630.4	6,829.1
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate income			174.9	232.4
Unallocated corporate expenses			(119.6)	(152.5)
Impairment loss on available-for-sale investment in equity securities			(250.0)	—
Change in fair value of financial assets at fair value through profit or loss			(17.2)	(72.7)
Share of profits of an associate			64.7	26.0
Share of profits of a joint venture			<u>7.0</u>	<u>7.4</u>
Profit before taxation			<u>2,490.2</u>	<u>6,869.7</u>

3. OPERATING SEGMENTS (Continued)

Segment results represent the profit earned by each segment without allocation of corporate income and expenses, impairment loss on available-for-sale investment 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 assets and liabilities by operating segments is as follows:

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
<i>Assets</i>		
Segment assets		
— gaming operations	14,542.1	16,948.4
— hotel and catering operations	<u>5,188.3</u>	<u>5,589.2</u>
	19,730.4	22,537.6
Interest in an associate	109.8	45.1
Interest in a joint venture	108.2	101.2
Unallocated bank deposits, bank balances and cash	7,152.0	12,300.0
Other unallocated assets	<u>9,754.3</u>	<u>7,231.2</u>
Group's total	<u><u>36,854.7</u></u>	<u><u>42,215.1</u></u>
<i>Liabilities</i>		
Long-term bank loans		
— gaming operations	315.6	438.8
— hotel and catering operations	<u>397.2</u>	<u>552.2</u>
	712.8	991.0
Other segment liabilities		
— gaming operations	10,486.4	13,987.8
— hotel and catering operations	<u>320.5</u>	<u>336.9</u>
	<u><u>10,806.9</u></u>	<u><u>14,324.7</u></u>
Total segment liabilities	11,519.7	15,315.7
Unallocated liabilities	<u>1,855.6</u>	<u>2,037.1</u>
Group's total	<u><u>13,375.3</u></u>	<u><u>17,352.8</u></u>

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 investment 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 amounts due to non-controlling interests of subsidiaries and payable for acquisition of land use rights.
- (iii) all assets are allocated to operating segments, other than interest 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 as mentioned in (ii).

(c) Other segment information of the Group

	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Additions to non-current assets (other than financial instruments)		
— gaming operations	624.6	1,069.2
— hotel and catering operations	151.8	58.9
— corporate level*	3,057.6	3,257.7
	<u>3,834.0</u>	<u>4,385.8</u>
Depreciation and amortisation		
— gaming operations	639.0	647.4
— hotel and catering operations	455.5	446.8
— corporate level	6.5	5.6
	<u>1,101.0</u>	<u>1,099.8</u>
(Gains) losses on disposal/write-off of property and equipment		
— gaming operations	(3.8)	(2.2)
— hotel and catering operations	7.4	14.8
— corporate level	—	0.6
	<u>3.6</u>	<u>13.2</u>

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

3. OPERATING SEGMENTS (Continued)

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

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Share-based payments		
— gaming operations	298.4	217.1
— corporate level	<u>15.7</u>	<u>10.3</u>
	<u>314.1</u>	<u>227.4</u>
Finance costs		
— gaming operations	11.9	22.8
— hotel and catering operations	15.0	19.3
— corporate level	<u>25.0</u>	<u>30.5</u>
	<u>51.9</u>	<u>72.6</u>
Interest income		
— gaming operations	77.4	132.4
— hotel and catering operations	15.0	20.2
— corporate level	<u>161.7</u>	<u>219.4</u>
	<u>254.1</u>	<u>372.0</u>
Allowance (recovery of allowance) for doubtful debts		
— gaming operations	<u>49.7</u>	<u>(3.2)</u>

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

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Gaming revenue from		
— VIP gaming operations	25,063.9	48,244.8
— mass market table gaming operations	22,385.4	29,685.6
— slot machine and other gaming operations	<u>1,140.2</u>	<u>1,338.1</u>
	<u><u>48,589.5</u></u>	<u><u>79,268.5</u></u>

5. FINANCE COSTS

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Interest on		
— bank borrowings wholly repayable within five years	26.8	42.1
— finance leases repayable within five years	—	0.3
— acquisition of land use rights	36.4	52.3
Imputed interest on amount due to non-controlling interests of a subsidiary	<u>25.1</u>	<u>30.2</u>
	88.3	124.9
Less: Amount capitalised	<u>(36.4)</u>	<u>(52.3)</u>
	<u><u>51.9</u></u>	<u><u>72.6</u></u>

6. PROFIT BEFORE TAXATION

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration		
— fees, salaries, bonus and other benefits	95.1	89.0
— share-based payments	<u>216.8</u>	<u>13.8</u>
	<u>311.9</u>	<u>102.8</u>
Retirement benefits scheme contributions for other staff	215.5	99.4
Less: Forfeited contributions	<u>(21.7)</u>	<u>(25.0)</u>
	<u>193.8</u>	<u>74.4</u>
Share-based payments to other staff	95.6	204.2
Other staff costs	<u>5,926.8</u>	<u>5,741.6</u>
	<u>6,022.4</u>	<u>5,945.8</u>
Total employee benefit expenses	<u>6,528.1</u>	<u>6,123.0</u>
Operating lease rentals in respect of		
— land use rights	45.0	44.9
— rented premises	<u>374.4</u>	<u>334.4</u>
	<u>419.4</u>	<u>379.3</u>

6. PROFIT BEFORE TAXATION (Continued)

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Allowance for doubtful debts (<i>Note</i>)	49.7	—
Amortisation of intangible asset (included in operating and administrative expenses)	6.3	6.3
Auditor's remuneration	9.2	8.3
Change in fair value of financial assets at fair value through profit or loss	17.2	72.7
Depreciation of property and equipment	1,094.7	1,093.5
Impairment loss on available-for-sale investment in equity securities	250.0	—
Loss on disposal/write-off of property and equipment	3.6	13.2
Share-based payments to other participants (included in operating and administrative expenses)	1.7	9.4
 <i>and after crediting:</i>		
Interest income from		
— bank deposits	254.1	371.7
— a fellow subsidiary	—	0.3
	<u>254.1</u>	<u>372.0</u>
Dividend income	4.0	5.2
Recovery of allowance for doubtful debts	<u>—</u>	<u>3.2</u>

Note: During the year ended 31 December 2015, there was a charge of HK\$142.5 million relating to the suspension of a satellite casino, comprising an allowance for doubtful debts of HK\$49.7 million and certain marketing and promotional expenses to be reimbursed by the service provider of HK\$92.8 million (2014: nil).

7. TAXATION

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Current tax — Macau SAR Complementary Tax	59.7	41.1
Deferred taxation	<u>(21.4)</u>	<u>47.2</u>
	<u><u>38.3</u></u>	<u><u>88.3</u></u>

No provision for Macau SAR Complementary Tax (“CT”) on gaming related income is made for a subsidiary, Sociedade de Jogos de Macau, S.A. (“SJM”). Pursuant to the approval notice issued by the 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 letter dated 10 August 2012 issued by the Finance Services Bureau of the Macau SAR government, SJM’s shareholders were obligated to pay the dividend tax of MOP42.3 million (equivalent to HK\$41.1 million) for dividend distributed 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 (2014: HK\$41.1 million).

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

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

8. DIVIDENDS

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Interim dividend per ordinary share paid		
— HK10 cents for 2015	565.6	—
— HK22 cents for 2014	—	1,244.3
Final dividend per ordinary share paid		
— HK62 cents for 2014	3,507.2	—
— HK50 cents for 2013	—	2,827.8
Special dividend per ordinary share paid		
— HK30 cents for 2013	<u>—</u>	<u>1,696.7</u>
	<u>4,072.8</u>	<u>5,768.8</u>

A final dividend of HK15 cents per ordinary share, totalling HK\$848.5 million, is proposed by the directors of the Company at a board meeting held on 23 February 2016, which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting and is calculated on the basis of 5,656,729,293 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:

	2015 <i>HK\$ million</i>	2014 <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>2,465.0</u>	<u>6,730.7</u>
	2015	2014
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,656,504,361	5,611,063,923
Effect of dilutive potential ordinary shares on share options	<u>4,455,733</u>	<u>30,050,399</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,660,960,094</u>	<u>5,641,114,322</u>

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Advances to gaming promoters and patrons, net	646.9	981.4
Other receivables from gaming promoters and service providers, net	528.1	578.9
Prepayments	183.9	160.2
Other sundry receivables	299.3	373.4
	<u>1,658.2</u>	<u>2,093.9</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 2015, all of the advances to gaming promoters and patrons (net of allowances) are neither past due nor impaired.

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.

Other receivables from gaming promoters and service providers represent certain costs to be reimbursed from gaming promoters and service providers.

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:

	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Age		
0 to 30 days	<u>646.9</u>	<u>981.4</u>

10. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance for doubtful debts

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
At 1 January	82.8	87.1
Allowance for doubtful debts	49.7	—
Write-off	—	(1.1)
Amounts recovered during the year	<u>—</u>	<u>(3.2)</u>
At 31 December	<u>132.5</u>	<u>82.8</u>

Allowance for doubtful debts with an aggregate balance of HK\$132.5 million (2014: HK\$82.8 million) represents individually impaired advances to gaming promoters and patrons, 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.

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

11. TRADE AND OTHER PAYABLES

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Trade payables	1,309.5	2,263.1
Special gaming tax payable	1,402.8	2,065.8
Chips in circulation	4,403.4	6,732.4
Chips in custody and deposits received from gaming patrons and gaming promoters	1,280.9	1,342.4
Payable for acquisition of property and equipment	86.6	60.9
Construction payables	1,210.1	677.9
Accrued staff costs	1,045.6	947.1
Rentals payables	187.7	152.1
Withholding tax payable for gaming promoters and employees	17.1	20.9
Other sundry payables and accruals	<u>390.2</u>	<u>402.3</u>
	11,333.9	14,664.9
Less: Non-current portion	<u>(603.6)</u>	<u>(281.5)</u>
Current portion	<u><u>10,730.3</u></u>	<u><u>14,383.4</u></u>

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

	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Age		
0 to 30 days	1,298.7	2,216.4
31 to 60 days	7.0	32.2
61 to 90 days	1.9	2.0
Over 90 days	<u>1.9</u>	<u>12.5</u>
	<u><u>1,309.5</u></u>	<u><u>2,263.1</u></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)

Market Environment

Macau's casino gaming revenue declined in 2015 for the second straight year. The 34.3% decline resulted from multiple factors, including changes in administrative policies in Mainland China, and weakness in some sectors of the Chinese economy. The effects of these conditions were felt mainly in upper-end play in each segment of Macau's gaming market: VIP, mass market and slot machines

Visitation to Macau decreased moderately by 2.6% to 30.7 million in 2015, according to the Macau Government Statistics and Census Service. Visitors from the Mainland decreased by 4.0% to 20.4 million.

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.

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 2015 each declined from last year:

Group operating results	For the year ended 31 December		Decrease
	2015	2014	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total revenue	49,171	79,934	(38.5%)
Gaming revenue	48,590	79,269	(38.7%)
Profit attributable to owners of the Company	2,465	6,731	(63.4%)
Adjusted EBITDA ¹	3,862	7,763	(50.3%)
Adjusted EBITDA Margin ²	7.9%	9.7%	(1.8%)

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/write-off of property and equipment, share-based payments and impairment loss on available-for-sale investment in equity securities.

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

VIP gaming revenue of the Group declined by 48.0% in 2015 and mass market table gaming revenue decreased by 24.6%, reflecting the overall downturn in Macau gaming revenue. According to statistics from the MSAR government, gaming revenue of Macau declined by 34.3% in 2015, comprising a 39.9% decline in VIP gaming revenue, a 26.7% decrease in mass market table gaming revenue and a 18.6% decrease in slot machine gaming revenue.

During 2015, the Group accounted for 21.7% of Macau's casino gaming revenue of \$224,116 million. The Group's overall market share declined from 23.2% for the full year 2014.

The Group's Adjusted EBITDA Margin for the year was 7.9%, a decrease from 9.7% in 2014. If calculated under United States generally accepted accounting principles ("US GAAP"), the Group's Adjusted EBITDA Margin would be 12.4% for 2015, as compared with 16.7% in 2014 (See "Comparison with United States GAAP Accounting" on page 32 below).

Net profit for the year 2015 was affected by a one-off impairment loss on available-for-sale investment in equity securities of \$250 million and the impact on profit of suspension of a satellite casino of HK\$143 million, which were not incurred in the previous year. Deductions of share-based payments were \$314 million, as compared with \$227 million in the previous year. Depreciation in 2015 was \$1,095 million compared with \$1,094 million in 2014, and interest expense was \$52 million, compared with \$73 million.

Operating Results — VIP Gaming

VIP operations	For the year ended 31 December		Decrease
	2015	2014	
Gaming revenue (HK\$ million)	25,064	48,245	(48.0%)
Average daily net-win per VIP gaming table (HK\$)	144,261	231,485	(37.7%)
VIP chips sales (HK\$ million)	773,445	1,719,555	(55.0%)
Average number of VIP gaming tables (Average of month-end numbers)	476	571	(16.6%)

VIP gaming operations accounted for 51.6% of the Group's total gaming revenue in 2015, as compared with 60.9% for the previous year. As at 31 December 2015, SJM had 386 VIP gaming tables in operation with 19 VIP promoters, as compared with 567 VIP gaming tables and 35 VIP promoters as at 31 December 2014. As at 31 December 2015, SJM operated VIP gaming in 13 of its casinos.

The Group's gaming revenue from VIP gaming operations amounted to approximately 20.2% of total VIP gaming revenue in Macau, compared to 23.4% in the previous year, according to figures from the Gaming Inspection and Coordination Bureau in Macau. The hold rate for SJM's VIP operations increased in 2015 to 3.22% from 2.80% in 2014.

Operating Results — Mass Market Table Gaming

Mass market operations	For the year ended 31 December		Increase/ (Decrease)
	2015	2014	
Gaming revenue (HK\$ million)	22,385	29,686	(24.6%)
Average daily net-win per mass market gaming table (HK\$)	49,380	68,116	(27.5%)
Average number of mass market gaming tables (Average of month-end numbers)	1,242	1,194	4.0%

Gaming revenue from mass market table gaming operations comprised 46.1% of the Group's total gaming revenue in 2015, as compared with 37.4% in 2014. SJM had 1,247 mass market gaming tables in operation as at 31 December 2015, as compared with 1,214 mass market gaming tables as at 31 December 2014.

Operating Results — Slot Machines and Other Gaming Operations

Slot machine operations	For the year ended 31 December		
	2015	2014	Decrease
Gaming revenue (HK\$ million)	1,140	1,338	(14.8%)
Average daily net-win per slot machine (HK\$)	1,151	1,282	(10.3%)
Average number of slot machines (Average of month-end numbers)	2,711	2,856	(5.1%)

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 2.3% of the Group's total gaming revenue in 2015, compared with 1.7% in 2014. SJM had 2,645 slot machines in service as at 31 December 2015 as compared with 2,865 slot machines as at 31 December 2014.

As at 31 December 2015, SJM operated slot machines in 13 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 increased during the course of year from an average of 29,702 visitors per day in the first quarter, to an average of 31,299 visitors per day in the fourth quarter.

Casino Grand Lisboa	For the year ended 31 December		
	2015	2014	Decrease
Revenue (HK\$ million)	16,536	29,587	(44.1%)
Profit attributable to the Group (HK\$ million)	1,692	3,857	(56.1%)
Adjusted Property EBITDA ³ (HK\$ million)	2,157	4,273	(49.5%)
Adjusted Property EBITDA Margin ⁴	13.0%	14.4%	(1.4%)

³ Adjusted Property 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/write-off of property and equipment, share-based payments, impairment loss on available-for-sale investment in equity securities, and before elimination of inter-company consumption.

⁴ Adjusted Property EBITDA Margin is Adjusted Property EBITDA divided by revenue.

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

Casino Grand Lisboa	For the year ended 31 December		Increase/ (Decrease)
	2015	2014	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	10,943	22,138	(50.6%)
Average daily net-win per VIP gaming table (HK\$)	199,878	338,844	(41.0%)
VIP chips sales (HK\$ million)	343,670	821,925	(58.2%)
Average number of VIP gaming tables (Average of month-end numbers)	150	179	(16.2%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,189	6,957	(25.4%)
Average daily net-win per mass market gaming table (HK\$)	52,455	72,748	(27.9%)
Average number of mass market gaming tables (Average of month-end numbers)	271	262	3.4%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	404	491	(17.8%)
Average daily net-win per slot machine (HK\$)	1,458	1,797	(18.9%)
Average number of slot machines (Average of month-end numbers)	759	749	1.3%

During 2015 mass market gaming tables operated at Casino Grand Lisboa were reduced from 274 tables as at 1 January 2015 to 268 tables as at 31 December 2015, whilst VIP tables were reduced from 177 to 136 during the same period.

If calculated under US GAAP, the Adjusted Property EBITDA Margin of Casino Grand Lisboa would be approximately 20.3% for 2015, as compared with 24.1% in 2014 (See “Comparison with United States GAAP Accounting” on page 32 below).

During 2015, Casino Grand Lisboa attracted a total of over 10.9 million visitors, an average of 29,985 visitors per day, a decrease of 20.0% over the previous year.

As at 31 December 2015, Casino Grand Lisboa operated a total of 794 slot machines. Jackpots are paid frequently, with the total exceeding \$242 million for slot machines and over \$32 million for table games (Caribbean Stud Poker) in 2015.

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

Other self-promoted casinos are Casino Lisboa and Casino Oceanus at Jai Alai (collectively, “Other Self-promoted Casinos and Slot Halls”).

Other self-promoted casinos and slot halls	For the year ended 31 December		Decrease
	2015	2014	
Revenue (HK\$ million)	6,563	9,933	(33.9%)
Profit attributable to the Group (HK\$ million)	530	1,258	(57.9%)
Adjusted EBITDA (HK\$ million)	749	1,461	(48.7%)
Adjusted EBITDA Margin	11.4%	14.7%	(3.3%)

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)
	2015	2014	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	2,476	4,560	(45.7%)
Average daily net-win per VIP gaming table (HK\$)	165,437	277,648	(40.4%)
VIP chips sales (HK\$ million)	66,502	149,590	(55.5%)
Average number of VIP gaming tables (Average of month-end numbers)	41	45	(8.9%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	3,866	5,129	(24.6%)
Average daily net-win per mass market gaming table (HK\$)	34,059	46,376	(26.6%)
Average number of mass market gaming tables (Average of month-end numbers)	311	303	2.6%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	221	244	(9.4%)
Average daily net-win per slot machine (HK\$)	911	932	(2.2%)
Average number of slot machines (Average of month-end numbers)	660	713	(7.4%)

As at 31 December 2015, Casino Lisboa operated a total of 30 VIP gaming tables, 144 mass market gaming tables and 116 slot machines, and Casino Oceanus at Jai Alai operated a total of 185 mass market gaming tables and 411 slot machines.

Operating Results of Casino Segments — Satellite Casinos and Slot Hall

As at 31 December 2015, SJM operated 14 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 Jimei, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Macau Jockey Club (converted from slot hall in April 2014), Casino Ponte 16 and Casino Club VIP Legend. (Operations at Casino Greek Mythology were temporarily suspended on 31 December 2015.)

Twelve of SJM's satellite casinos are located on the Macau Peninsula whilst two satellite casinos are located on the island of Taipa, comprising a total of 220 VIP gaming tables, 650 mass market gaming tables and 1,324 slot machines, as at 31 December 2015.

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

Satellite casinos and slot hall	For the year ended 31 December		
	2015	2014	Decrease
Revenue (HK\$ million)	25,491	39,749	(35.9%)
Profit attributable to the Group (HK\$ million)	640	1,653	(61.3%)
Adjusted EBITDA (HK\$ million)	722	1,683	(57.1%)
Adjusted EBITDA Margin	2.8%	4.2%	(1.4%)

Operating results of satellite casinos and slot hall in 2015 were materially affected by the suspension of operations of Casino Greek Mythology on 31 December 2015. Excluding the impact of Casino Greek Mythology's suspension, the Adjusted EBITDA Margin of satellite casinos and slot halls would have been 3.4% for the year ended 31 December 2015.

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)
	2015	2014	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	11,645	21,546	(46.0%)
Average daily net-win per VIP gaming table (HK\$)	111,551	169,628	(34.2%)
VIP chips sales (HK\$ million)	363,273	748,040	(51.4%)
Average number of VIP gaming tables (Average of month-end numbers)	286	348	(17.8%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	13,331	17,600	(24.3%)
Average daily net-win per mass market gaming table (HK\$)	55,253	76,659	(27.9%)
Average number of mass market gaming tables (Average of month-end numbers)	661	629	5.1%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	515	603	(14.5%)
Average daily net-win per slot machine (HK\$)	1,092	1,185	(7.8%)
Average number of slot machines (Average of month-end numbers)	1,292	1,394	(7.3%)

Non-gaming Operations

For the year ended 31 December 2015, the Grand Lisboa Hotel contributed \$551 million in revenue and \$95 million in Adjusted Property EBITDA to the Group as compared with \$656 million in revenue and \$210 million in Adjusted Property EBITDA for the previous year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 83.0% for the full year, as compared with 93.2% for the previous year, and the average room rate for the full year 2015 was approximately \$2,030 as compared with \$2,325 in 2014. During the year, the hotel's room renovation programme was ongoing, resulting in approximately 5% of rooms being out of service. Room renovation is expected to be completed in September 2016.

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 2016 Michelin Guide. Modern steakhouse "The Kitchen" was also awarded one star. 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*. "Robuchon au Dôme" was also among the Top 20 Restaurants of 2016 selected by *Hong Kong Tatler*.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$214 million in revenue to the Group in 2015, compared with a contribution of \$242 million in 2014. The occupancy rate of the 408-room hotel averaged 89.1% for the full year 2015 as compared with 90.3% in 2014, whilst average room rate decreased by 12.3% to \$1,204. The Sofitel at Ponte 16 received numerous travel industry awards in 2015, in both business and luxury categories.

Income from all hotel, catering and related services, after inter-company elimination, totaled \$581 million in 2015, a decrease of 12.6% from \$665 million in 2014, due primarily to lower hotel room occupancy and average room rates. Other income, primarily interest earned on bank deposits, decreased to \$19 million from \$306 million during the year, primarily affected by impairment loss on available-for-sale investment in equity securities of HK\$250 million.

PROSPECTS AND RECENT DEVELOPMENTS

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

Outlook

The Group's performance in 2016 and over the medium term is susceptible to the overall economic performance of the surrounding region, government regulatory policies, and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the mass market and VIP gaming segments while striving to improve its operating efficiency.

Whilst it is not clear how long the conditions which inhibited gaming revenue growth during the past two years 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.

Recent Events and Current 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 2015 and 2016, which are described below.

Grand Lisboa Palace

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began on 13 February 2014, made substantial progress in 2015. The Company expected to be able to celebrate the topping-off of the building's superstructure around mid-2016.

Upon completion, the Grand Lisboa Palace will comprise 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 2,000 rooms, plus facilities for meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated construction cost of approximately \$30 billion.

As at 31 December 2015, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$24.1 billion.

The Group is currently in discussion with commercial banks concerning arrangement of banking facilities to finance construction costs of the Grand Lisboa Palace. The Group expects to conclude these arrangements later this year.

Casino Grand Lisboa

In July 2015, Grand Lisboa relocated the Noodle & Congee Corner restaurant from a mezzanine floor to a higher level whilst converting its previous space for premium mass market gaming. In January 2016, the area formerly occupied by the restaurant opened as a new mass market gaming area called “Tycoon 68” with 12 high limit gaming tables and 39 slot machines.

In February 2015, Grand Lisboa installed 78 live multi-game terminals on the upper mass market gaming floor.

In March 2016, Grand Lisboa will begin renovation work to update the property’s ground floor. When completed by the end of the year, the ground floor will have expanded gaming space to accommodate an additional 5 tables and 31 slot machines, plus new retail space.

Hotel Grand Lisboa

Hotel Grand Lisboa is currently undertaking a room renovation programme which is the first major overhaul and updating of accommodation since the opening of the hotel in 2009. The programme, which began in the summer of 2014, requires approximately three years for completion.

Jai Alai Renovation

Renovation work on the former Casino Jai Alai premises which had been suspended since February 2014 pending government approvals was restarted in May 2015. SJM plans to reopen the building later in 2016, with new facilities including a hotel with approximately 130 rooms, restaurants and retail shops that will enhance the business of the reopened Casino Jai Alai as well as Casino Oceanus at Jai Alai.

As at 31 December 2015, SJM had entered into capital commitments in connection with the Jai Alai renovation project with a total value of approximately \$690 million.

Ponte 16 Resort

In May 2015, the first large-scale 3D museum in Macau opened at Ponte 16 Resort. The Ponte 16 Macau 3D Museum occupies approximately 17,500 square feet, divided into seven theme zones that offer visitors the opportunity to interact with various exhibits and 3D paintings.

Casino Greek Mythology

Operation of Satellite Casino Greek Mythology was suspended on 31 December 2015. SJM will operate the casino's 79 tables at its self-promoted casinos pending reopening of Casino Greek Mythology after renovation.

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 \$16,814 million (not including \$505 million pledged bank deposits) as at 31 December 2015. This represented a decrease of 29.4% as compared with the position as at 31 December 2014 of \$23,806 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 2015 amounted to \$713 million (as at 31 December 2014: \$991 million). The maturity of the Group's borrowings as at 31 December 2015 is as follows:

Within 1 year	Maturity Profile 1–2 years	Total
22%	78%	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 2015 (as at 31 December 2014: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$25.2 billion as at 31 December 2015 (as at 31 December 2014: \$26.2 billion), of which \$24.1 billion were for the Grand Lisboa Palace project. As at 31 December 2015, the Group was developing the construction plan for the Grand Lisboa Palace, with an estimated construction cost of approximately \$30 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 31 December 2015, certain of the Group's property and equipment and land use rights with carrying values of \$883 million and \$68 million, respectively (as at 31 December 2014: \$1,016 million and \$72 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$505 million as at 31 December 2015 (2014: \$612 million).

Contingent Liabilities and Guarantees

As at 31 December 2015, the total amount guarantees of the Group given to banks of \$87 million (2014: \$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 2015.

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. As at 31 December 2015, the equivalent of approximately \$354 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 2015.

Human Resources

As at 31 December 2015, the Group had approximately 21,200 full-time employees. The Group's employee turnover rate was minimal in 2015.

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.

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 12.4% for the year ended 31 December 2015, as compared with HK GAAP which gives an Adjusted EBITDA Margin of 7.9% 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 2015.

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 2015, 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 18 June 2015.

CLOSURE OF REGISTER OF MEMBERS FOR 2016 ANNUAL GENERAL MEETING

Book close dates for 2016 Annual General Meeting (both days inclusive)	:	14 June 2016 to 16 June 2016
Latest time to lodge transfer documents with the Company's share registrar	:	4:30 p.m. on 13 June 2016
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	:	21 June 2016
Latest time to lodge transfer documents with the Company's share registrar	:	4:30 p.m. on 21 June 2016
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 2016 Annual General Meeting)	:	30 June 2016

2016 ANNUAL GENERAL MEETING

The 2016 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, 16 June 2016. 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 2015 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 2015 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, 23 February 2016

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, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela and Mr. Shum Hong Kuen, David, 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.