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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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended		(Decrease)
	2017	2016	
	HK\$ million (unaudited)	HK\$ million (unaudited)	
Total Group revenue	20,641	21,042	(1.9%)
Gaming revenue	20,375	20,793	(2.0%)
Adjusted EBITDA*	1,508	1,634	(7.7%)
Profit attributable to owners of the Company	955	1,097	(12.9%)
Earnings per share — basic	HK16.9 cents	HK19.4 cents	(12.9%)
— diluted	HK16.9 cents	HK19.4 cents	(12.9%)
Interim dividend per ordinary share	HK5.0 cents	HK6.0 cents	(16.7%)

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

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK5 cents per ordinary share of the Company (the “Share”) for the six months ended 30 June 2017 (six months ended 30 June 2016: HK6 cents per Share). The interim dividend is expected to be paid on 20 September 2017 to shareholders of the Company whose names appear on the register of members of the Company on 8 September 2017.

OPERATING HIGHLIGHTS

- The Group’s gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company decreased by 2.0%, 7.7% and 12.9%, respectively, from the year-earlier period, whilst the Group’s Adjusted EBITDA Margin (Hong Kong GAAP basis) decreased to 7.3% from 7.8%.
- Mass market table gaming revenue of the Group decreased by 0.5% and VIP gaming revenue showed a decrease of 3.4% during the first half of 2017, compared with the year-earlier period. During the same period, slot machine operations revenue decreased by 3.2% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“SJM”) had a 16.7% share of Macau’s gaming revenue, including 21.4% of mass market table gaming revenue and 14.2% of VIP gaming revenue.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$9,855 million as at 30 June 2017.
- The Group’s flagship Casino Grand Lisboa increased revenue, Adjusted Grand Lisboa EBITDA and attributable profit by 7.7%, 0.1% and 6.5%, respectively, as compared to the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa increased by 2.8% from the year-earlier period to 93.3%. Average daily room rate decreased during the period by 2.1% to HK\$1,575.
- The Grand Lisboa Palace, the Group’s integrated resort on Cotai made good progress on construction until work was halted due to an industrial accident on 18 June 2017. The Group continues to anticipate opening the Grand Lisboa Palace in the second half of 2018.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 <i>HK\$ million</i> (unaudited)	2016 <i>HK\$ million</i> (unaudited)
Gaming, hotel, catering and related services revenues		<u>20,640.9</u>	<u>21,042.4</u>
Gaming revenue	4	<u>20,375.0</u>	20,793.3
Special gaming tax, special levy and gaming premium		<u>(7,940.7)</u>	<u>(8,100.1)</u>
		12,434.3	12,693.2
Hotel, catering and related services income		265.9	249.1
Cost of sales and services on hotel, catering and related services		(123.4)	(112.9)
Other income, gains and losses		80.7	108.1
Marketing and promotional expenses		(7,358.1)	(7,567.8)
Operating and administrative expenses		(4,338.8)	(4,260.9)
Finance costs	5	(18.4)	(24.5)
Share of profits of an associate		19.7	20.6
Share of profits of a joint venture		<u>2.9</u>	<u>3.1</u>
Profit before taxation	6	964.8	1,108.0
Taxation	7	<u>(16.5)</u>	<u>(18.6)</u>
Profit for the period		948.3	1,089.4
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investment in equity securities		<u>(31.4)</u>	<u>—</u>
Total comprehensive income for the period		<u>916.9</u>	<u>1,089.4</u>
Profit for the period attributable to:			
owners of the Company		955.4	1,097.4
non-controlling interests		<u>(7.1)</u>	<u>(8.0)</u>
		<u>948.3</u>	<u>1,089.4</u>
Total comprehensive income for the period attributable to:			
owners of the Company		924.0	1,097.4
non-controlling interests		<u>(7.1)</u>	<u>(8.0)</u>
		<u>916.9</u>	<u>1,089.4</u>
Earnings per share:			
Basic	9	<u>HK16.9 cents</u>	<u>HK19.4 cents</u>
Diluted	9	<u>HK16.9 cents</u>	<u>HK19.4 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017	At 31 December 2016
	Notes	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (audited)
Non-current assets			
Property and equipment		22,522.1	19,851.4
Land use rights		2,463.3	2,522.2
Intangible asset		—	1.6
Art works and diamonds		281.3	281.6
Interest in an associate		193.9	172.8
Interest in a joint venture		118.0	115.1
Available-for-sale investment in equity securities		296.9	328.3
Other assets		268.4	286.3
Pledged bank deposits		145.6	145.6
		<u>26,289.5</u>	<u>23,704.9</u>
Current assets			
Inventories		81.5	68.5
Trade and other receivables	10	1,557.3	1,480.7
Financial assets at fair value through profit or loss		88.9	78.1
Pledged bank deposits		1.3	262.2
Short-term bank deposits		3,342.2	3,650.2
Bank balances and cash		6,365.5	9,510.4
		<u>11,436.7</u>	<u>15,050.1</u>
Current liabilities			
Trade and other payables	11	10,953.5	11,633.4
Payable for acquisition of land use rights		—	178.4
Taxation payable		74.8	83.0
Long-term bank loans		200.0	539.1
Amounts due to non-controlling interests of subsidiaries		197.8	293.3
		<u>11,426.1</u>	<u>12,727.2</u>
Net current assets		<u>10.6</u>	<u>2,322.9</u>
Total assets less current liabilities		<u>26,300.1</u>	<u>26,027.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2017*

		At 30 June 2017 <i>HK\$ million</i> (unaudited)	At 31 December 2016 <i>HK\$ million</i> (audited)
Non-current liabilities			
Other payables	11	1,124.4	832.5
Long-term bank loans		60.0	—
Amounts due to non-controlling interests of subsidiaries		276.5	273.1
Deferred taxation		64.6	81.0
		<u>1,525.5</u>	<u>1,186.6</u>
Net assets		<u>24,774.6</u>	<u>24,841.2</u>
Capital and reserves			
Share capital		11,238.4	11,237.6
Reserves		13,451.2	13,515.2
Equity attributable to owners of the Company		24,689.6	24,752.8
Non-controlling interests		85.0	88.4
Total equity		<u>24,774.6</u>	<u>24,841.2</u>

NOTES TO THE CONDENSED 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 the 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 condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

The financial information relating to the year ended 31 December 2016 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. BASIS OF PREPARATION (Continued)

Application of new and revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed 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 revenues 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 business is presented below:

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

	<u>Segment revenue</u>		<u>Segment results</u>	
	Six months ended 30 June			
	2017	2016	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gaming operations	<u>20,375.0</u>	<u>20,793.3</u>	1,171.5	1,248.5
Hotel and catering operations:				
external sales	265.9	249.1		
inter-segment sales	<u>127.2</u>	<u>134.8</u>		
	393.1	383.9	(208.6)	(156.2)
Eliminations	<u>(127.2)</u>	<u>(134.8)</u>		
	<u>265.9</u>	<u>249.1</u>		
	<u>20,640.9</u>	<u>21,042.4</u>		
			962.9	1,092.3
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate income			25.2	42.8
Unallocated corporate expenses			(56.7)	(65.8)
Change in fair value of financial assets at fair value through profit or loss			10.8	15.0
Share of profits of an associate			19.7	20.6
Share of profits of a joint venture			<u>2.9</u>	<u>3.1</u>
Profit before taxation			<u>964.8</u>	<u>1,108.0</u>

Segment results represent the profit before taxation earned by each segment without allocation of corporate income and expenses, change in fair value of financial assets at fair value through profit or loss and share of profits of an associate/a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

3. OPERATING SEGMENTS (Continued)

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

	At 30 June 2017 <i>HK\$ million</i> (unaudited)	At 31 December 2016 <i>HK\$ million</i> (audited)
<i>Assets</i>		
Segment assets:		
gaming operations	11,821.5	14,804.5
hotel and catering operations	<u>4,891.6</u>	<u>4,507.6</u>
	16,713.1	19,312.1
Interest in an associate	193.9	172.8
Interest in a joint venture	118.0	115.1
Unallocated bank deposits, bank balances and cash	2,479.6	4,001.3
Other unallocated assets	<u>18,221.6</u>	<u>15,153.7</u>
Group's total	<u>37,726.2</u>	<u>38,755.0</u>
<i>Liabilities</i>		
Long-term bank loans:		
gaming operations	115.1	238.7
hotel and catering operations	<u>144.9</u>	<u>300.4</u>
	<u>260.0</u>	<u>539.1</u>
Other segment liabilities:		
gaming operations	10,394.4	10,727.4
hotel and catering operations	<u>249.9</u>	<u>279.2</u>
	<u>10,644.3</u>	<u>11,006.6</u>
Total segment liabilities	10,904.3	11,545.7
Unallocated liabilities	<u>2,047.3</u>	<u>2,368.1</u>
Group's total	<u>12,951.6</u>	<u>13,913.8</u>

3. OPERATING SEGMENTS (Continued)

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

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

4. GAMING REVENUE

	Six months ended 30 June	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Gaming revenue from:		
VIP gaming operations	9,817.9	10,167.8
mass market table gaming operations	10,135.2	10,179.4
slot machine and other gaming operations	519.8	536.8
	20,472.9	20,884.0
Less: direct sales incentives including customer relationship programs	(97.9)	(90.7)
	<u>20,375.0</u>	<u>20,793.3</u>

The comparative figures were reclassified to conform with current period's presentation.

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Interests on:		
bank borrowings	8.8	10.8
acquisition of land use rights	3.3	12.0
Imputed interest on amount due to non-controlling interests of a subsidiary	<u>9.6</u>	<u>13.7</u>
	21.7	36.5
Less: Amount capitalised	<u>(3.3)</u>	<u>(12.0)</u>
	<u><u>18.4</u></u>	<u><u>24.5</u></u>

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$26.4 million (six months ended 30 June 2016: HK\$71.6 million)	86.2	121.3
Less: Amount capitalised	(6.5)	—
	<u>79.7</u>	<u>121.3</u>
Other staff costs	2,846.4	2,819.5
Share-based payments to other staff	3.9	21.1
	<u>2,850.3</u>	<u>2,840.6</u>
Total other staff costs	2,850.3	2,840.6
Total employee benefit expenses	<u>2,930.0</u>	<u>2,961.9</u>
Amortisation of intangible asset (included in operating and administrative expenses)	1.6	3.2
Depreciation of property and equipment	590.9	536.7
Operating lease rentals in respect of land use rights	22.7	22.6
Share-based payments to other participants (included in operating and administrative expenses)	0.2	0.9
<i>and after crediting:</i>		
Interest income from		
— bank deposits	52.3	77.7
— others	0.4	—
	<u>52.7</u>	<u>77.7</u>
Gain on fair value change of financial assets at fair value through profit or loss	10.8	15.0
Gain on disposal of property and equipment	<u>1.8</u>	<u>2.2</u>

7. TAXATION

	Six months ended 30 June	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Current tax — Macau SAR Complementary Tax	32.9	32.8
Deferred taxation	<u>(16.4)</u>	<u>(14.2)</u>
	<u>16.5</u>	<u>18.6</u>

No provision for Macau SAR Complementary Tax (“CT”) on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notice issued by Macau SAR government dated 23 November 2011 and 27 September 2016, SJM has been exempted from CT for income generated from gaming operations for the years from 2012 to 2016 and 2017 to 2020, respectively.

In addition, pursuant to the approval letter dated 10 August 2012 issued by the Financial 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 distributed by SJM (the “**Special Complementary Tax**”) for each of the years from 2012 to 2016. SJM has applied for extension of approval from Financial Services Bureau of the Macau SAR government but the amount of the Special Complementary Tax for each year from 2017 to 2020 has not been determined by the Financial Services Bureau of the Macau SAR government up to the date of this announcement. Deferred taxation on undistributed profits of SJM starting from 1 January 2017 has not been recognised as the Group’s management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

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

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>HK\$ million</i> (unaudited)	At 31 December 2016 <i>HK\$ million</i> (audited)
Advances to gaming promoters, net	295.5	425.3
Other receivables from gaming promoters and service providers, net	758.1	601.4
Prepayments	177.5	164.5
Other sundry receivables	<u>326.2</u>	<u>289.5</u>
	<u><u>1,557.3</u></u>	<u><u>1,480.7</u></u>

Advances to gaming promoters mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 30 June 2017, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

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

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

10. TRADE AND OTHER RECEIVABLES (Continued)

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

<i>Age</i>	At 30 June 2017 <i>HK\$ million</i> (unaudited)	At 31 December 2016 <i>HK\$ million</i> (audited)
0 to 30 days	<u>295.5</u>	<u>425.3</u>

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

11. TRADE AND OTHER PAYABLES

	At 30 June 2017 <i>HK\$ million</i> (unaudited)	At 31 December 2016 <i>HK\$ million</i> (audited)
Trade payables	1,162.0	1,239.1
Special gaming tax payable	1,235.6	1,282.0
Chips in circulation	4,996.8	4,419.1
Chips in custody and deposits received from gaming promoters and gaming patrons	835.9	1,457.8
Payable for acquisition of property and equipment	65.1	96.7
Construction payables	1,862.8	1,975.6
Accrued staff costs	1,347.8	1,319.2
Rentals payables	195.3	247.3
Withholding tax payable for gaming promoters and employees	18.0	17.0
Other sundry payables and accruals	<u>358.6</u>	<u>412.1</u>
	12,077.9	12,465.9
Less: Non-current portion	<u>(1,124.4)</u>	<u>(832.5)</u>
Current portion	<u>10,953.5</u>	<u>11,633.4</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:

<i>Age</i>	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
0 to 30 days	1,151.8	1,213.4
31 to 60 days	6.5	16.9
61 to 90 days	1.4	4.4
Over 90 days	<u>2.3</u>	<u>4.4</u>
	<u>1,162.0</u>	<u>1,239.1</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.

12. EVENT AFTER REPORTING PERIOD

In April 2017, the Group obtained syndicated loan facilities of HK\$25,000 million from 19 leading financial institutions. The drawdown of HK\$3,750 million of the facilities were effected by the Group in July 2017. The proceeds of the facilities will be used to finance the construction of the Grand Lisboa Palace.

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 and Adjusted EBITDA for the six months ended 30 June 2017 (“the Reporting Period”) each decreased, whilst the Group's Adjusted EBITDA Margin (Hong Kong GAAP basis) decreased from the year-earlier period:

Group operating results	For the six months ended 30 June		(Decrease)
	2017	2016	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total revenue	20,641	21,042	(1.9%)
Gaming revenue	20,375	20,793	(2.0%)
Profit attributable to owners of the Company	955	1,097	(12.9%)
Adjusted EBITDA ¹	1,508	1,634	(7.7%)
Adjusted EBITDA Margin ²	7.3%	7.8%	

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

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

During the Reporting Period, the Group's gaming revenue amounted to approximately 16.7% of total gaming revenue in Macau, compared with 20.0% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau (“DICJ”).

Attributable profit in the Reporting Period was affected by deductions of share-based payments of \$31 million, as compared with \$94 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$614 million, as compared to \$561 million in the corresponding period last year.

The Group's operating results for the six months ended 30 June 2017, as compared to the six months ended 30 June 2016, are as follows:

Operating Results — VIP Gaming

VIP operations	For the six months ended 30 June		Increase/
	2017	2016	(Decrease)
Gaming revenue (HK\$ million)	9,818	10,168	(3.4%)
Average daily net-win per VIP gaming table (HK\$)	179,018	154,756	15.7%
VIP chips sales (HK\$ million)	316,973	339,401	(6.6%)
Average number of VIP gaming tables (Average of month-end numbers)	303	361	(16.1%)

VIP gaming operations accounted for 48.2% of the Group's total gaming revenue in the Reporting Period, as compared to 48.9% for the corresponding period last year. As at 30 June 2017, SJM had 282 VIP gaming tables in operation with 18 VIP promoters, as compared with 315 VIP gaming tables and 20 VIP promoters as at 31 December 2016.

The Group's gaming revenue from VIP gaming operations amounted to approximately 14.2% of total VIP gaming revenue in Macau, compared to 18.4% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 3.10%, as compared with 3.00% in the corresponding period last year.

Operating Results — Mass Market Table Gaming

Gaming revenue from mass market table gaming operations comprised 49.3% of the Group's total gaming revenue in the Reporting Period, as compared to 48.5% in the corresponding period last year. Operating results for the Reporting Period are as follows:

Mass market operations	For the six months ended 30 June		Increase/
	2017	2016	(Decrease)
Gaming revenue (HK\$ million)	10,037	10,088	(0.5%)
Average daily net-win per mass market gaming table (HK\$)	40,401	42,991	(6.0%)
Average number of mass market gaming tables (Average of month-end numbers)	1,386	1,301	6.5%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 21.4% of total mass market table gaming revenue in Macau, compared to 23.1% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,398 mass market gaming tables in its casinos as at 30 June 2017, as compared with 1,301 mass market gaming tables as at 31 December 2016.

Operating Results — Slot Machines and Other Gaming Operations

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 2.5% of total gaming revenue in the Reporting Period, the same as in the corresponding period of last year. Operating results for the Reporting Period are as follows:

Slot machine operations	For the six months ended 30 June		Increase/ (Decrease)
	2017	2016	
Gaming revenue (HK\$ million)	520	537	(3.2%)
Average daily net-win per slot machine (HK\$)	1,070	1,044	2.4%
Average number of slot machines (Average of month-end numbers)	2,684	2,820	(4.8%)

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 8.5% of total slot machine revenue in Macau, compared to 10.1% in the corresponding period last year, according to figures from DICJ.

SJM had 2,788 slot machines, operating in 13 of its casinos, as at 30 June 2017 as compared with 2,132 slot machines as at 31 December 2016.

Operating Results — Casino Grand Lisboa

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2017	2016	
Revenue (HK\$ million)	7,307	6,785	7.7%
Profit attributable to the Group (HK\$ million)	708	665	6.5%
Adjusted Grand Lisboa EBITDA ³ (HK\$ million)	847	845	0.1%
Adjusted Grand Lisboa EBITDA Margin ⁴	11.6%	12.5%	

³ Adjusted Grand Lisboa EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption.

⁴ Adjusted Grand Lisboa EBITDA Margin is Adjusted Grand Lisboa EBITDA divided by revenue.

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the six months ended 30 June		Increase/ (Decrease)
	2017	2016	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	4,952	4,352	13.8%
Average daily net-win per VIP gaming table (HK\$)	220,653	188,304	17.2%
VIP chips sales (HK\$ million)	176,598	160,833	9.8%
Average number of VIP gaming tables (Average of month-end numbers)	124	127	(2.4%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	2,156	2,245	(4.0%)
Average daily net-win per mass market gaming table (HK\$)	44,949	45,595	(1.4%)
Average number of mass market gaming tables (Average of month-end numbers)	271	277	(2.2%)
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	199	187	6.1%
Average daily net-win per slot machine (HK\$)	1,348	1,285	4.9%
Average number of slot machines (Average of month-end numbers)	814	801	1.6%

Casino Grand Lisboa received over 5.0 million visitors during the Reporting Period, an average of approximately 28,000 visitors per day compared with approximately 5.2 million visitors during the first half of 2016, or approximately 28,700 visitors per day.

Operating Results — Other Self-promoted Casinos

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

Other self-promoted casinos	For the six months ended 30 June		
	2017	2016	(Decrease)
Revenue (HK\$ million)	3,041	3,087	(1.5%)
Profit attributable to the Group (HK\$ million)	165	211	(22.0%)
Adjusted EBITDA (HK\$ million)	303	308	(1.7%)
Adjusted EBITDA Margin	10.0%	10.0%	

Operating results of other self-promoted casinos are as follows:

Other self-promoted casinos	For the six months ended 30 June		Increase/
	2017	2016	(Decrease)
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	999	1,164	(14.2%)
Average daily net-win per VIP gaming table (HK\$)	197,188	220,579	(10.6%)
VIP chips sales (HK\$ million)	32,696	30,784	6.2%
Average number of VIP gaming tables (Average of month-end numbers)	28	29	(3.4%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	1,921	1,822	5.4%
Average daily net-win per mass market gaming table (HK\$)	29,495	28,207	4.6%
Average number of mass market gaming tables (Average of month-end numbers)	367	360	1.9%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	121	101	19.9%
Average daily net-win per slot machine (HK\$)	872	918	(5.0%)
Average number of slot machines (Average of month-end numbers)	766	599	27.9%

As at 30 June 2017, Casino Lisboa operated a total of 119 mass market gaming tables, 28 VIP gaming tables and 168 slot machines, and Casino Oceanus at Jai Alai operated a total of 199 mass market gaming tables and 467 slot machines, plus 35 mass market gaming tables and 98 slot machines in the casino area of the Jai Alai building, which opened in December 2016. Casino Taipa, which opened in November 2016, operated 5 mass market gaming tables and 101 slot machines.

Operating Results — Satellite Casinos

As at 30 June 2017, 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 Oriental (Jimei), Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Macau Jockey Club, Casino Ponte 16, Casino Legend Palace and Casino Club VIP Legend. The 15 satellite casinos comprised a total of 769 mass market gaming tables, 130 VIP gaming tables and 1,127 slot machines as at 30 June 2017.

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

Satellite casinos	For the six months ended 30 June		
	2017	2016	(Decrease)
Revenue (HK\$ million)	10,027	10,921	(8.2%)
Profit attributable to the Group (HK\$ million)	283	336	(15.6%)
Adjusted EBITDA (HK\$ million)	295	363	(18.6%)
Adjusted EBITDA Margin	2.9%	3.3%	

Operating results of satellite casinos are as follows:

Satellite casinos	For the six months ended 30 June		Increase/ (Decrease)
	2017	2016	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	3,866	4,651	(16.9%)
Average daily net-win per VIP gaming table (HK\$)	141,460	124,661	13.5%
VIP chips sales (HK\$ million)	107,679	147,784	(27.1%)
Average number of VIP gaming tables (Average of month-end numbers)	151	205	(26.3%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,960	6,021	(1.0%)
Average daily net-win per mass market gaming table (HK\$)	44,104	49,919	(11.6%)
Average number of mass market gaming tables (Average of month-end numbers)	748	664	12.7%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	200	249	(19.5%)
Average daily net-win per slot machine (HK\$)	1,002	962	4.1%
Average number of slot machine (Average of month-end numbers)	1,104	1,420	(22.3%)

Non-gaming Operations

During the Reporting Period, the Grand Lisboa Hotel contributed \$259 million in revenue and \$37 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$254 million in revenue and \$45 million in Adjusted Grand Lisboa EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 93.3% for the Reporting Period, as compared with 90.5% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,575 as compared with \$1,609 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$92 million in revenue to the Group, compared with a contribution of \$89 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 88.8% for the Reporting Period as compared with 84.2% in the corresponding period last year, and the average room rate was \$1,024 as compared with \$1,055 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

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

Market Environment

During the first half of 2017 Macau's total gaming revenue increased by 17.2% over the corresponding period in 2016. Two large casino resorts were opened in the Cotai area of Macau by competitors in the second half of 2016. According to figures from the Macau Government Statistics and Census Service, visitation to Macau increased by 5.4% to 15.6 million, of which visitors from the Mainland increased by 6.1% to 10.3 million, or 66.4% of the total.

Current and Recent Initiatives

Grand Lisboa Palace

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began in February 2014, made good progress in first half of 2017. However, an industrial accident at the site has led to the suspension of construction work from 18 June 2017 upto the date of this report. SJM is working with the local authorities to achieve recommencement of work, and continues to anticipate opening the Grand Lisboa Palace in the second half of 2018.

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 nongaming 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 total project cost of approximately \$36 billion.

SJM signed a \$25 billion syndicated loan facilities agreement in April 2017 primarily to finance the construction costs of the Grand Lisboa Palace.

As at 30 June 2017, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$18.1 billion.

Casino Grand Lisboa

In March 2017, a new dragon-themed VIP Premium area was opened on the 31st floor of Grand Lisboa. A high-end gaming experience for our Dragon Club card members, the area has 7 gaming tables, 12 slot machines, 10 hotel rooms, a club lounge and outdoor terraces for guests.

Jai Alai Renovation

SJM reopened the casino area in the Jai Alai building in December 2016. The JA Avenue retail arcade, focusing on branded cosmetics and beauty aids, opened in April 2017. The Jai Alai complex will be fully operational when the 132-room Jai Alai Hotel, on which construction has been completed, receives its operating permit as expected later in 2017.

Outlook

The Group's performance in the second half of 2017 will remain 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. The Group is optimistic regarding its performance for the rest of the year.

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 during the Reporting Period, with bank balances and cash amounting to \$9,708 million (not including \$147 million pledged bank deposits) as at 30 June 2017. This represented a decrease of 26.2% as compared with the position as at 31 December 2016 of \$13,161 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2017 amounted to \$260 million (as at 31 December 2016: \$539 million). The maturity profile of the Group's borrowings as at 30 June 2017 is set out below:

Maturity Profile		
Within 1 year	1–2 years	Total
77%	23%	100%

In April 2017, SJM signed a syndicated loan facilities agreement with 19 leading financial institution for up to \$25 billion. In accordance with the terms of the loan facilities agreement, SJM effected the first drawdown on the facilities in July 2017.

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 the Reporting Period (as at 31 December 2016: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$18.4 billion at the end of the Reporting Period (as at 31 December 2016: \$21.4 billion), of which \$18.1 billion was for the Grand Lisboa Palace project. As at 30 June 2017, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$36 billion, including capital expenditure commitments to date.

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

Pledge of Assets

As at 30 June 2017, certain of the Group's property and equipment and land use rights with carrying values of \$682 million and \$64 million, respectively (as at 31 December 2016: \$753 million and \$63 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2017 (as at 31 December 2016: \$408 million).

Contingent Liabilities and Guarantees

As at 30 June 2017, the Group had total guarantees given to banks of \$87 million (as at 31 December 2016: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no material contingent liabilities as at 30 June 2017.

Financial Risk

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

Material Acquisitions and Disposals

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

Human Resources

As at 30 June 2017, the Group had approximately 20,600 full-time employees. The Group's employee turnover rate was minimal in the first half of 2017.

Staff remuneration of the Group is determined by reference to personal working performance, professional qualification, industry experience and relevant 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 11.2% for the Reporting Period, as compared to HK GAAP which gives an Adjusted EBITDA Margin of 7.3% for the 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 six months ended 30 June 2017.

CORPORATE GOVERNANCE CODE

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2017 to 30 June 2017, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for the deviation from Code Provision E.1.2 that due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 13 June 2017.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend	:	6 September 2017 to 8 September 2017
Ex-dividend date	:	4 September 2017
Record date for interim dividend	:	8 September 2017
Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend	:	4:30 p.m. on Tuesday, 5 September 2017
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	:	20 September 2017

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2017 has been reviewed by the Audit Committee of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
SJM HOLDINGS LIMITED
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 1 August 2017

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, Mr. Fok Tsun Ting, Timothy, Ms. Ho Chiu Fung, Daisy, 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.