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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 2023

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		Increase
	2023 HK\$ million	2022 HK\$ million	
Net gaming revenue	20,059	6,092	229.3%
Hotel, catering, retail, leasing and other income	1,815	623	191.3%
Adjusted EBITDA *	1,727	(3,095)	NM
Loss attributable to owners of the Company	(2,010)	(7,798)	NM
Loss per share			
— basic	HK(28.3) cents	HK(122.6) cents	NM
— diluted	HK(28.3) cents	HK(122.6) cents	NM
* Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, sub-concession fee income and pre-opening expenses.			
NM = not meaningful			

PROPOSED FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2023 (2022: nil).

OPERATING HIGHLIGHTS

- Net gaming revenue earned by SJM Resorts, S.A. (“SJM”), a subsidiary of the Company, was HK\$20,059 million in 2023, as compared with HK\$6,092 million for the year 2022.
- Adjusted EBITDA of the Group was HK\$1,727 million, as compared with negative HK\$3,095 million for the year 2022.
- Loss attributable to owners of the Company was HK\$2,010 million, as compared with a loss of HK\$7,798 million for the year 2022.
- SJM had a 11.9% share of Macau’s gross gaming revenue, including 14.8% of mass market table gross gaming revenue and 3.5% of VIP gross gaming revenue.
- Grand Lisboa Palace’s gross revenue was HK\$3,670 million, including gross gaming revenue of HK\$2,690 million and non-gaming revenue of HK\$980 million, as compared with gross gaming revenue HK\$346 million and non-gaming revenue HK\$341 million for the year 2022, whilst its Adjusted Property EBITDA was negative HK\$317 million, as compared with negative HK\$969 million for the year 2022.
- Grand Lisboa’s gross revenue was HK\$5,746 million, including gross gaming revenue HK\$5,439 million and non-gaming revenue HK\$307 million, as compared with gross gaming revenue HK\$1,067 million and non-gaming revenue HK\$132 million for the year 2022, whilst its Adjusted Property EBITDA was HK\$1,325 million, as compared with negative HK\$758 million for the year 2022.
- Grand Lisboa Palace Resort’s occupancy rate increased by 50.4% to 82.6% for the full year, whilst the average room rate increased by 44.3% to HK\$1,322.
- Grand Lisboa Hotel’s occupancy rate increased by 46.8% to 93.0% for the full year, whilst the average room rate increased by 76.8% to HK\$1,121.
- The Group had HK\$4,550 million of cash, bank balances, short-term bank deposits and pledged bank deposits and HK\$28,150 million of debt as at 31 December 2023.
- On 20 June 2022, the Group completed a refinancing of its syndicated banking facilities, consisting of a HK\$9 billion term loan and a HK\$10 billion revolving credit, of which HK\$3.3 billion is undrawn as of 31 December 2023.
- On 16 December 2022, SJM signed a new gaming concession contract with the Macau Government for a 10-year period commencing on 1 January 2023 and ending on 31 December 2032.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$ million	2022 HK\$ million
Gaming, hotel, catering, retail, leasing and related services revenues		<u>21,623.2</u>	<u>6,678.6</u>
Gaming revenue	4	20,059.2	6,092.0
Special gaming tax and special levy		<u>(8,486.6)</u>	<u>(2,680.6)</u>
		11,572.6	3,411.4
Hotel, catering, retail, leasing and related services income		1,564.0	586.6
Cost of sales and services on hotel, catering, retail, leasing and related services		(632.0)	(401.9)
Other income, gains and losses		250.9	36.2
Impairment loss on financial assets		—	(143.7)
Impairment loss on property and equipment		—	(1,214.9)
Marketing and promotional expenses		(3,825.4)	(462.5)
Operating and administrative expenses		(8,837.6)	(8,476.5)
Finance costs	5	(1,930.1)	(1,122.6)
Share of losses of an associate		(7.8)	(3.2)
Share of profits of a joint venture		<u>6.5</u>	<u>3.6</u>
Loss before taxation	6	(1,838.9)	(7,787.5)
Taxation	7	<u>(36.1)</u>	<u>(61.1)</u>
Loss for the year		(1,875.0)	(7,848.6)
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		<u>(53.2)</u>	<u>(57.0)</u>
Total comprehensive expense for the year		<u>(1,928.2)</u>	<u>(7,905.6)</u>
(Loss) profit for the year attributable to			
— owners of the Company		(2,009.8)	(7,798.4)
— non-controlling interests		<u>134.8</u>	<u>(50.2)</u>
		<u>(1,875.0)</u>	<u>(7,848.6)</u>
Total comprehensive (expense) income for the year attributable to			
— owners of the Company		(2,063.0)	(7,855.4)
— non-controlling interests		<u>134.8</u>	<u>(50.2)</u>
		<u>(1,928.2)</u>	<u>(7,905.6)</u>
Loss per share			
— Basic	9	<u>HK(28.3) cents</u>	<u>HK(122.6) cents</u>
— Diluted	9	<u>HK(28.3) cents</u>	<u>HK(122.6) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Non-current assets			
Property and equipment		38,353.9	40,049.7
Right-of-use assets		2,483.5	2,599.0
Gaming concession right		2,297.1	—
Art works and diamonds		281.3	281.3
Interest in an associate		32.9	41.8
Interest in a joint venture		50.3	43.8
Investments in equity instruments designated at fair value through other comprehensive income		370.9	424.1
Pledged bank deposit		970.9	970.9
Other assets		465.1	357.1
		<u>45,305.9</u>	<u>44,767.7</u>
Current assets			
Inventories		147.9	146.7
Trade and other receivables	<i>10</i>	706.5	694.7
Pledged bank deposits		37.7	183.1
Short-term bank deposits		452.6	572.6
Bank balances and cash		3,089.1	6,282.9
		<u>4,433.8</u>	<u>7,880.0</u>
Current liabilities			
Trade and other payables	<i>11</i>	4,231.2	3,735.1
Taxation payable		36.1	50.5
Bank loans — due within one year		970.7	707.0
Lease liabilities		37.5	46.4
		<u>5,275.5</u>	<u>4,539.0</u>
Net current (liabilities) assets		<u>(841.7)</u>	<u>3,341.0</u>
Total assets less current liabilities		<u>44,464.2</u>	<u>48,108.7</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2023*

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Non-current liabilities		
Other payables	2,283.2	71.4
Bank loans — due after one year	14,265.2	18,268.3
Unsecured notes	9,413.7	9,400.6
Lease liabilities	558.0	603.9
Amount due to non-controlling interests of a subsidiary	348.2	339.5
Loan from ultimate holding company	2,006.8	2,006.8
Deferred taxation	10.5	10.5
Convertible bond	1,493.4	1,394.3
	<u>30,379.0</u>	<u>32,095.3</u>
Net assets	<u>14,085.2</u>	<u>16,013.4</u>
Capital and reserves		
Share capital	14,415.1	14,415.1
Reserves	(479.5)	1,583.5
Equity attributable to owners of the Company	13,935.6	15,998.6
Non-controlling interests	149.6	14.8
Total equity	<u>14,085.2</u>	<u>16,013.4</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 operations of casinos and related facilities, and hotel, catering, retail, leasing and related services 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 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

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 ("**Listing Rules**") on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap. 622) (the "**Hong Kong Companies Ordinance**").

2.1 Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

2. BASIS OF PREPARATION (Continued)

2.1 Application of amendments to HKFRSs (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of HK\$41.2 million and deferred tax liabilities of HK\$41.2 million on a gross basis but it has no impact on the retained earnings at the earliest period presented.

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform — Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “**Pillar Two legislation**”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities disclose separately current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about their exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

2. BASIS OF PREPARATION (Continued)

2.1 Application of amendments to HKFRSs (Continued)

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform — Pillar Two model Rules (Continued)

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

2.2 New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of some of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, including convertible bond in which the conversion options are classified as equity instruments, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities as at 31 December 2023.

3. OPERATING SEGMENTS

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

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

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

In the current year, the Group changed its internal reporting structure which resulted in changes to the presentation of gaming revenue as detailed in note 4. The CODM regularly analyses gaming operations in terms of rolling revenue, non-rolling revenue and electronic game revenue (2022: VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations), and the relevant revenues and operating results are reviewed as a whole for resources allocation and performance assessment. For hotel, catering, retail and leasing operations, the CODM regularly reviews the performance on the basis of the individual hotel. For segment reporting under HKFRS 8 Operating Segments, financial information of the Group’s hotels has been aggregated into a single reportable segment named “hotel, catering, retail and leasing operations” on the basis that they have similar economic characteristics, customers, services and products provided in which they operate.

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million
Gaming operations: recognised at a point in time	<u>20,059.2</u>	<u>6,092.0</u>	(1,228.3)	(6,298.8)
Hotel, catering, retail and leasing operations:				
— External sales				
Catering and retail operations: recognised at a point in time	651.2	298.3		
Hotel operations: recognised over time	765.5	141.6		
Leasing operations: revenue from operating leases	<u>147.3</u>	<u>146.7</u>		
	<u>1,564.0</u>	<u>586.6</u>		
— Inter-segment sales:				
Catering and retail operations: recognised at a point in time	93.2	45.7		
Hotel operations: recognised over time	<u>70.1</u>	<u>9.0</u>		
	<u>163.3</u>	<u>54.7</u>		
	1,727.3	641.3	(505.6)	(1,355.0)
Eliminations	<u>(163.3)</u>	<u>(54.7)</u>		
	<u>1,564.0</u>	<u>586.6</u>		
Total:				
Revenue from contracts with customers:				
recognised at a point in time	20,710.4	6,390.3		
recognised over time	<u>765.5</u>	<u>141.6</u>		
	21,475.9	6,531.9		
Revenue from operating leases: lease payments	<u>147.3</u>	<u>146.7</u>		
	<u>21,623.2</u>	<u>6,678.6</u>		
			(1,733.9)	(7,653.8)
<i>Reconciliation from segment results to loss before taxation:</i>				
Unallocated corporate income			18.9	16.5
Unallocated corporate expenses			(122.6)	(150.6)
Share of losses of an associate			(7.8)	(3.2)
Share of profits of a joint venture			<u>6.5</u>	<u>3.6</u>
Loss before taxation			<u>(1,838.9)</u>	<u>(7,787.5)</u>

3. OPERATING SEGMENTS (Continued)

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

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

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

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue excluded inter-segment sales:		
Gross gaming revenue	21,204.5	6,455.1
Hotel, catering, retail, leasing and related services income	<u>1,564.0</u>	<u>586.6</u>
	<u>22,768.5</u>	<u>7,041.7</u>

3. OPERATING SEGMENTS (Continued)

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

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Assets		
Segment assets:		
— gaming operations	35,996.7	35,903.6
— hotel, catering, retail and leasing operations	<u>10,298.7</u>	<u>9,501.0</u>
	46,295.4	45,404.6
Interest in an associate	32.9	41.8
Interest in a joint venture	50.3	43.8
Unallocated bank deposits, bank balances and cash	380.3	443.9
Other unallocated assets	<u>2,980.8</u>	<u>6,713.6</u>
Group's total	<u><u>49,739.7</u></u>	<u><u>52,647.7</u></u>
Liabilities		
Bank loans:		
— gaming operations	15,056.7	18,745.7
— hotel, catering, retail and leasing operations	<u>179.2</u>	<u>229.6</u>
	<u>15,235.9</u>	<u>18,975.3</u>
Unsecured notes:		
— gaming operations	<u>9,413.7</u>	<u>9,400.6</u>
Convertible bond:		
— gaming operations	1,089.1	1,016.8
— hotel, catering, retail and leasing operations	<u>404.3</u>	<u>377.5</u>
	<u>1,493.4</u>	<u>1,394.3</u>
Other segment liabilities:		
— gaming operations	8,063.7	4,050.8
— hotel, catering, retail and leasing operations	<u>638.6</u>	<u>591.4</u>
	<u>8,702.3</u>	<u>4,642.2</u>
Total segment liabilities	34,845.3	34,412.4
Unallocated liabilities	<u>809.2</u>	<u>2,221.9</u>
Group's total	<u><u>35,654.5</u></u>	<u><u>36,634.3</u></u>

3. OPERATING SEGMENTS (Continued)

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

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

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

- (c) Other segment information of the Group

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Additions to non-current assets: (other than financial instruments)		
— gaming operations	2,775.0	1,558.5
— hotel, catering, retail and leasing operations	43.6	8.1
— corporate level*	46.3	649.6
	<u>2,864.9</u>	<u>2,216.2</u>
* Amount includes certain property and equipment, certain right-of-use assets and certain deposits made on acquisitions of property and equipment where the directors of the Company consider it impracticable to divide into individual segments.		
Depreciation and amortisation:		
— gaming operations	812.3	884.8
— hotel, catering, retail and leasing operations	953.8	943.9
— corporate level	73.4	66.6
	<u>1,839.5</u>	<u>1,895.3</u>
Loss on disposals/write-off of property and equipment:		
— gaming operations	6.3	2.1
— hotel, catering, retail and leasing operations	0.2	—
	<u>6.5</u>	<u>2.1</u>
Gain on modification of lease contracts:		
— corporate level	(3.3)	—
Gain on early termination of lease contracts:		
— gaming operations	—	(1.7)

3. OPERATING SEGMENTS (Continued)

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

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Finance costs:		
— gaming operations	1,816.1	1,087.3
— hotel, catering, retail and leasing operations	21.2	16.6
— corporate level	92.8	18.7
	<u>1,930.1</u>	<u>1,122.6</u>
Interest income:		
— gaming operations	61.4	28.2
— hotel, catering, retail and leasing operations	45.4	3.4
— corporate level	16.2	14.3
	<u>123.0</u>	<u>45.9</u>
Loss (gain) on modification on bank loans		
— gaming operations	59.0	19.6
— hotel, catering, retail and leasing operations	(0.4)	—
	<u>58.6</u>	<u>19.6</u>
Impairment loss on financial assets:		
— gaming operations	—	143.7
Impairment loss on property and equipment:		
— gaming operations	—	476.7
— hotel, catering, retail and leasing operations	—	738.2
	<u>—</u>	<u>1,214.9</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 the reporting period.

4. GAMING REVENUE

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Gaming revenue comprises of:		
Rolling gross gaming revenue	1,556.7	486.3
Non-rolling gross gaming revenue	17,874.4	5,262.4
Electronic game gross gaming revenue	<u>1,773.4</u>	<u>706.4</u>
Gross gaming revenue	21,204.5	6,455.1
Less: commissions and incentives	<u>(1,145.3)</u>	<u>(363.1)</u>
	<u><u>20,059.2</u></u>	<u><u>6,092.0</u></u>

Note: The classification of gaming revenue in 2022 was reclassified to conform with current year's presentation. Rolling gross gaming revenue was previously classified as gaming revenue from VIP gaming operations. Non-rolling gross gaming revenue represents gaming revenue that was previously classified as gaming revenue from mass market table gaming operations and excludes gaming revenue from mass market table gaming operations that has an element of electronic gaming. Electronic game gross gaming revenue represents gaming revenue that was previously classified as gaming revenue from slot machines and includes gaming revenue from mass market table gaming operations that has an element of electronic gaming.

5. FINANCE COSTS

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Interest on		
— bank loans	1,021.4	588.2
— unsecured notes	435.8	435.1
— gaming concession right	230.7	—
— convertible bond	137.2	64.7
— loan from ultimate holding company	80.0	6.8
— lease liabilities	16.3	19.9
Imputed interest on an amount due to non-controlling interests of a subsidiary	<u>8.7</u>	<u>7.9</u>
	<u><u>1,930.1</u></u>	<u><u>1,122.6</u></u>

6. LOSS BEFORE TAXATION

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration	51.2	57.5
Less: Amount capitalised	<u>(2.6)</u>	<u>(3.8)</u>
	<u>48.6</u>	<u>53.7</u>
Retirement benefits scheme contributions for other staff	205.4	213.7
Less: Forfeited contributions	<u>(15.4)</u>	<u>(12.6)</u>
	<u>190.0</u>	<u>201.1</u>
Other staff costs	<u>5,484.7</u>	<u>5,319.1</u>
Total employee benefit expenses	<u>5,723.3</u>	<u>5,573.9</u>
Auditor's remuneration	15.8	16.6
Amortisation of gaming concession right (including in operating and administrative expenses)	255.7	—
Amortisation of intangible asset (including in operating and administrative expenses)	—	89.6
Depreciation of property and equipment	1,471.8	1,457.4
Depreciation of right-of-use assets	112.0	348.3
Loss on modification on a bank loan	59.0	19.6
Loss on disposals/write-off of property and equipment	6.5	2.1
<i>and after crediting:</i>		
Bank interest income	123.0	45.9
Dredging services income	164.7	—
Gain on modification of lease contracts	3.3	—
Gain on modification on a bank loan	0.4	—
Gain on early termination of lease contracts	—	1.7
Dividend income	—	0.2
COVID-19-related rent concessions (<i>Note</i>)	<u>—</u>	<u>76.1</u>

Note: During the year ended 31 December 2022, lessors of various casino properties, commercial properties and motor vehicles provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 15% to 30% (2023: nil) over six to twelve months (2023: nil).

These were rent concessions occurred as a direct consequence of COVID-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$76.1 million (2023: nil) were recognised as negative variable lease payments.

7. TAXATION

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Macau SAR Complementary Tax (“CT”)		
— current tax	36.1	61.1
Deferred taxation credit	<u>—</u>	<u>—</u>
	<u>36.1</u>	<u>61.1</u>

No provision for CT on gaming related income has been made for SJM. Pursuant to the approval notices issued by the Macau SAR government dated 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 April 2020 to 26 June 2022. Pursuant to the approval notice issued by the Macau SAR government dated 1 September 2022, the Company has been exempted from CT for income generated from gaming operations for the period from 27 June 2022 to 31 December 2022. During the year ended 31 December 2023, SJM has applied for obtaining approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032. Subsequent to the year ended 31 December 2023, pursuant to the approval notice issued by the Macau SAR government dated 29 January 2024, the Company has been exempted from CT for income generated from gaming operations for the period from 1 January 2023 to 31 December 2027.

In addition, pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.9 million) for the year ended 31 December 2021 and MOP11.0 million (equivalent to HK\$10.7 million) for the period from 1 January 2022 to 26 June 2022. The Company obtained the extension of approval from the Financial Services Bureau of the Macau SAR Government for the period from 27 June 2022 to 31 December 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP11.5 million (equivalent to HK\$11.2 million). SJM’s shareholders are obligated to pay the Special Complementary Tax regardless of any dividend distributed by SJM during the relevant period/year. During the year ended 31 December 2023, SJM has applied for obtaining approval for Special Complementary Tax from the Financial Services Bureau of the Macau SAR Government. Subsequent to the year ended 31 December 2023, pursuant to the approval letter dated 24 January 2024 issued by Financial Services Bureau of the Macau SAR government, SJM’s shareholders are obligated to pay the Special Complementary Tax at an applicable rate of gross gaming revenue for the period from 1 January 2023 to 31 December 2025.

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

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

8. DIVIDENDS

The board of directors of the Company does not recommend any payment of final dividend for the year ended 31 December 2023 (2022: nil).

9. LOSS PER SHARE

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

Loss

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(2,009.8)</u>	<u>(7,798.4)</u>

Number of shares

	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>7,101,805,366</u>	<u>6,362,128,016</u>

	2023	2022
Loss per share:		
— Basic	HK(28.3) cents	HK(122.6) cents
— Diluted	HK(28.3) cents	HK(122.6) cents

Note: For the year ended 31 December 2022 and 2023, the diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bond because the assumed exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Advances to gaming patrons, net	38.0	2.3
Lease receivables	164.8	118.1
Other receivables from gaming promoters and service providers, net	42.6	225.4
Prepayments	179.5	175.5
Other sundry receivables	281.6	173.4
	<u>706.5</u>	<u>694.7</u>

As at 1 January 2022, the carrying amount of advances to gaming patrons was HK\$0.2 million.

Advances to gaming patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. As at 31 December 2023, included in the Group's advances to gaming patrons with aggregate carrying amount of HK\$30.5 million (2022: nil) which are past due as at the reporting date. Out of the past due balances, HK\$1.4 million (2022: nil) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Advances are only granted to gaming patrons with good credit histories and financial track records. The Group has enforceable right and intends to offset the advances against commission payables to or deposits from relevant gaming patrons. In addition, in the event that a gaming patrons fails to repay, the Group has the right, pursuant to the relevant gaming patrons agreement, to realise cheques and execute guarantees.

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

10. TRADE AND OTHER RECEIVABLES (Continued)

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

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
<i>Age</i>		
0 to 30 days	7.5	2.3
31 to 60 days	0.3	—
61 to 90 days	28.8	—
Over 90 days	1.4	—
	<u>38.0</u>	<u>2.3</u>

The lease receivables are mainly arising from rent-free periods provided to the tenants.

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

11. TRADE AND OTHER PAYABLES

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Trade payables	348.6	86.6
Special gaming tax payable	873.1	174.0
Chips in circulation	407.7	279.7
Chips in custody and deposits received from gaming patrons and gaming promoters	379.6	216.9
Payables for acquisition of property and equipment	179.0	178.8
Construction payables	260.3	1,692.6
Accrued staff costs	829.0	582.1
Accrued operating expenses	43.4	70.4
Payable for gaming concession right	2,493.5	—
Withholding tax payable	17.7	15.8
Other sundry payables and accruals	682.5	509.6
	<u>6,514.4</u>	<u>3,806.5</u>
Less: Non-current portion of other payables and payable for gaming concession right (<i>Note</i>)	<u>(2,283.2)</u>	<u>(71.4)</u>
	<u>4,231.2</u>	<u>3,735.1</u>

Note: Non-current portion of other payables comprise of deposits received for rentals of HK\$70.7 million (2022: HK\$71.4 million) and payable for gaming concession right of HK\$2,212.5 million (2022: nil) at 31 December 2023. These liabilities are classified as non-current based on the contractual or scheduled repayment terms.

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:

	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
<i>Age</i>		
0 to 30 days	325.3	68.2
31 to 60 days	13.5	9.8
61 to 90 days	7.6	3.7
Over 90 days	<u>2.2</u>	<u>4.9</u>
	<u>348.6</u>	<u>86.6</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

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 our existing businesses in a cost-effective and sustainable way.
- 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 sustainable long-term growth.

Group Operating Results

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2023 and for the earlier year are shown below:

	For the year ended 31 December		Increase
	2023	2022	
Group operating results	HK\$ million	HK\$ million	
Total net revenue	21,623	6,679	223.7%
Net gaming revenue	20,059	6,092	229.3%
Loss attributable to owners of the Company	(2,010)	(7,798)	NM
Adjusted EBITDA ¹	1,727	(3,095)	NM
Adjusted EBITDA Margin ²	8.0%	(46.3%)	NM

¹ Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, sub-concession fee income and pre-opening expenses

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

NM = not meaningful

Total net revenue was HK\$21,623 million for the year ended 31 December 2023, an increase of 223.7%, compared to HK\$6,679 million for the year ended 31 December 2022. The increase was driven by rolling revenue, non-rolling revenue and electronic game revenue.

The following tables summarises the results of Self-promoted Casino, Satellite Casino and hotel room activities:

	For the year ended 31 December		
	2023	2022	
	<i>HK\$ million</i>	<i>HK\$ million</i>	Increase
Rolling Gross Gaming Revenue	1,557	486	220.4%
Non-Rolling Gross Gaming Revenue	17,874	5,263	239.6%
Electronic Game Gross Gaming Revenue	<u>1,773</u>	<u>706</u>	151.1%
Gross Gaming Revenue (“ GGR ”)	21,204	6,455	228.5%
Commissions and incentives	<u>(1,145)</u>	<u>(363)</u>	215.4%
Net Gaming Revenue	<u><u>20,059</u></u>	<u><u>6,092</u></u>	229.3%

For the year ended 31 December

Grand Lisboa Palace Resorts Statistics	2023	2022	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
Casino (GGR)	2,690	346	2,344	677.5%
Hotel	472	66	406	615.2%
Food and Beverage, Mall and Other	508	275	233	84.7%
Total Revenue	3,670	687	2,983	434.2%
Adjusted Property EBITDA¹	(317)	(969)	652	NM
Gaming Statistics				
Rolling Chip Volume	25,464	—	25,464	—%
Rolling Revenue	860	—	860	—%
Rolling Chip Win %	3.4%	—	—	3.4 pts
Non-Rolling Volume	9,094	2,017	7,077	350.9%
Non-Rolling Revenue	1,487	304	1,183	389.1%
Non-Rolling Chip Win %	16.4%	15.1%	—	1.3 pts
Electronic Game Handle	10,987	1,122	9,865	879.2%
Electronic Game Revenue	343	42	301	716.7%
Electronic Game Hold %	3.1%	3.7%	—	(0.6) pts
Hotel Statistics²	HK\$	HK\$	HK\$	
Occupancy %	82.6%	32.2%	—	50.4 pts
Average Daily Rate (ADR)	1,322	916	406	44.3%
Revenue per Available Room (RevPAR)	1,092	295	797	270.2%

¹ Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, bank charges for bank loans, gain/loss on modification of bank loans, gain on early termination of lease contracts, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

² Grand Lisboa Palace Resort included three hotel towers — the Grand Lisboa Palace, THE KARL LAGERFELD and the Palazzo Versace Macau — which opened in the second quarter of 2023.

For the year ended 31 December

Grand Lisboa Statistics	2023	2022	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
Casino (GGR)	5,439	1,067	4,372	409.7%
Hotel	160	49	111	226.5%
Food and Beverage, Mall and Other	147	83	64	77.1%
Total Revenue	5,746	1,199	4,547	379.2%
Adjusted Property EBITDA	1,325	(758)	2,083	NM
Gaming Statistics				
Rolling Chip Volume	19,324	7,227	12,097	167.4%
Rolling Revenue	574	252	322	127.8%
Rolling Chip Win %	3.0%	3.5%	—	(0.5) pts
Non-Rolling Volume	22,482	3,256	19,226	590.5%
Non-Rolling Revenue	4,461	700	3,761	537.3%
Non-Rolling Chip Win %	19.8%	21.5%	—	(1.7) pts
Electronic Game Handle	8,255	2,503	5,752	229.8%
Electronic Game Revenue	404	115	289	251.3%
Electronic Game Hold %	4.9%	4.6%	—	0.3 pts
Hotel Statistics	HK\$	HK\$	HK\$	
Occupancy %	93.0%	46.2%	—	46.8 pts
Average Daily Rate (ADR)	1,121	634	487	76.8%
Revenue per Available Room (RevPAR)	1,043	293	750	256.0%

Other Self-promoted Casino, Jai Alai Hotel and Sofitel at Ponte 16 Statistics	For the year ended 31 December			
	2023	2022	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
Casino (GGR)	4,428	1,254	3,174	253.1%
Hotel	155	42	113	269.0%
Food and Beverage, Mall and Other	122	72	50	69.4%
Total Revenue	4,705	1,368	3,337	243.9%
Adjusted Property EBITDA¹	1,258	(497)	1,755	NM
Gaming Statistics				
Non-Rolling Volume	28,528	8,219	20,309	247.1%
Non-Rolling Revenue	4,142	1,116	3,026	271.1%
Non-Rolling Chip Win %	14.5%	13.6%	—	0.9 pts
Electronic Game Handle	6,589	2,865	3,724	130.0%
Electronic Game Revenue	286	138	148	107.2%
Electronic Game Hold %	4.3%	4.8%	—	(0.5) pts
Hotel Statistics	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	
Jai Alai Hotel:				
Occupancy %	97.6%	72.4%	—	25.2 pts
Average Daily Rate (ADR)	196	178	18	10.1%
Revenue per Available Room (RevPAR)	191	129	62	48.1%
Sofitel at Ponte 16:				
Occupancy %	83.0%	48.4%	—	34.6 pts
Average Daily Rate (ADR)	1,230	495	735	148.5%
Revenue per Available Room (RevPAR)	1,021	240	781	325.4%

¹ Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, share of Ponte 16 and other non-gaming area. Casino Eastern and Casino Taipa were closed on 27 December 2022.

For the year ended 31 December

Satellite Casino Statistics	2023	2022	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Casino Revenue (GGR)	8,647	3,788	4,859	128.3%
Adjusted Property EBITDA	(338)	(635)	297	NM

As at 31 December 2023, SJM operated 9 satellite (third party-promoted) casinos, as follows: Casino Casa Real, Casino Landmark, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino L’Arc Macau, Casino Legend Palace and Casino Ponte 16. Casino Babylon, Casino Diamond, Casino Golden Dragon, Casino Million Dragon and Casino Royal Dragon were closed on 27 December 2022. As at 31 December 2022, SJM operated 9 satellite casinos.

PROSPECTS AND RECENT DEVELOPMENTS

2024 Visitation

Macau's preliminary visitation data for early 2024 indicates a robust continuation of the recovery in tourism that began in 2023, back to levels comparable to 2019, the last pre-pandemic year. For example, the preliminary figures for visitor arrivals during the 2024 Lunar New Year period, quoted by the Macau Government Tourism Bureau, show that a total of nearly 1.36 million visitors arrived in Macau during the eight-day Lunar New Year period, at a daily average of 169,725, beating the authorities' previous estimate of 120,000 per day. This represents over 163% of the 2022 level, and almost equals the 2019 level of 171,702. The average volume of Mainland visitors exceeded 129,000, a year-on-year surge of 243%. Should these trends continue, the effects would be positive on SJM's operations.

Increased Non-gaming Investment Requirement

Figures released by Macau's Gaming Inspection and Coordination Bureau in January 2024 revealed that Macau's overall gross gaming revenue in 2023 exceeded MOP180 billion. Therefore, a stipulated triggering event occurred which requires SJM to increase its total amount of non-gaming investment obligations by 20%, or MOP2.4 billion, to a total of MOP14.4 billion during the life of the gaming concession. The amount covers both capital investment and events and is regarded by the Company as manageable and reasonable, in line with the Government's policy of broadening Macau tourism.

Complementary Tax Status

Pursuant to a notice received from the Macau Government on 29 January 2024, the Company has been exempted from the Macau Complementary Tax on income generated from gaming operations for the period from 1 January 2023 to 31 December 2027, as in previous years.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group had bank balances and cash amounting to HK\$3,542 million (not including pledged bank deposits of HK\$1,009 million) as at 31 December 2023. This represented a decrease of 48.3% as compared with the position as at 31 December 2022 of HK\$6,856 million.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2023 amounted to HK\$15,236 million (as at 31 December 2022: HK\$18,975 million). Total senior notes and convertible bond issued by the Group as at 31 December 2023 amounted to HK\$10,907 million (as at 31 December 2022: HK\$10,795 million). Loan from ultimate holding company as at 31 December 2023 amounted to HK\$2,007 million (as at 31 December 2022: HK\$2,007 million). The maturity of the Group's borrowings as at 31 December 2023 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
3.4%	5.2%	91.4%	0%	100%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans, convertible bond, senior notes and loan from ultimate holding company less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 52.2% at the end of the Reporting Period (as at 31 December 2022: 53.2%)

Contractual Capital Expenditure Commitments

Contractual capital expenditure commitments by the Group amounted to HK\$427 million as at 31 December 2023 (as at 31 December 2022: HK\$117 million).

Pledge of Assets

As at 31 December 2023, certain of the Group's property and equipment and right-of-use assets with carrying values of HK\$34,055 million and HK\$1,711 million, respectively (as at 31 December 2022: HK\$35,560 million and HK\$1,756 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of HK\$1,009 million as at 31 December 2023 (2022: HK\$1,154 million).

Contingent Liability and Guarantee

As at 31 December 2022, the total amount of guarantee of the Group given to banks of HK\$67 million (2023: nil), which were guarantees in respect of credit facilities granted to an associate. The Group had no significant contingent liability as at 31 December 2023.

Financial Risk

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

Material Acquisitions and Disposals

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the year ended 31 December 2023.

Human Resources

As at 31 December 2023, the Group had approximately 19,000 full-time employees. The Group's employee turnover rate was minimal in 2023.

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.

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 2023.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices 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 C1 to the Listing Rules on the Stock Exchange.

During the year ended 31 December 2023, the Company has complied with the code provisions of the CG Code.

2024 ANNUAL GENERAL MEETING

The 2024 Annual General Meeting of the Company is currently scheduled on Wednesday, 26 June 2024. 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.

CLOSURE OF REGISTER OF MEMBERS FOR 2024 ANNUAL GENERAL MEETING

Book close dates for 2024 Annual General Meeting (both days inclusive)	:	20 June 2024 to 26 June 2024
Last share registration date for 2024 Annual General Meeting	:	19 June 2024
Latest time to lodge transfer documents with the Company’s share registrar	:	4:30 p.m. on Wednesday, 19 June 2024
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

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The Group's consolidated financial statements for the year ended 31 December 2023 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 2023 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 as approved by the Board on 6 March 2024. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or no assurance conclusion has been expressed by the Auditor on the preliminary announcement.

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Auditor has reported on the financial statements of the Group for both years. The Auditor's reports were unqualified; did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

By order of the Board
SJM Holdings Limited
Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 6 March 2024

As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Tse Hau Yin, Ms. Wong Yu Pok, Marina, Mr. Yeung Ping Leung, Howard and Mr. Ho Hau Chong, Norman.