



# 澳門博彩控股有限公司 SJM HOLDINGS LIMITED

於香港註冊成立的有限責任公司 股份代號：880  
incorporated in Hong Kong with limited liability Stock Code : 880

## INTERIM REPORT 2019 中期報告



# ABOUT US

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



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

The Grand Lisboa Palace, SJM’s integrated resort on Cotai, is currently under construction. The Grand Lisboa Palace will feature a total of approximately 1,900 hotel rooms and suites, facilities for meetings and conferences, shopping, dining and entertainment, and a casino.

As at 30 June 2019, SJM operated 20 casinos, comprising more than 1,700 gaming tables and over 2,500 slot machines.

# CONTENTS

## **FINANCIAL HIGHLIGHTS AND DIVIDEND SCHEDULE**

- 2 Financial Highlights
- 2 Interim Dividend
- 2 Dividend Schedule

## **MANAGEMENT DISCUSSION & ANALYSIS**

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

## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

## **REGULATORY COMPLIANCE INFORMATION**

- 60 Disclosure of Interests
- 64 Share Option Scheme
- 69 Directors' Biographical Details Update
- 71 Other Regulatory Compliance Information

## **GENERAL INFORMATION**

- 72 Corporate Information
- 73 Definitions

# FINANCIAL HIGHLIGHTS AND DIVIDEND SCHEDULE

## FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June	
	2019	2018
	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)
Total Group net revenue	<b>17,074</b>	17,197
Net gaming revenue	<b>16,720</b>	16,843
Adjusted EBITDA*	<b>2,078</b>	1,959
Profit attributable to owners of the Company	<b>1,679</b>	1,498
Earnings per share		
basic	<b>HK29.6 cents</b>	HK26.5 cents
diluted	<b>HK29.6 cents</b>	HK26.5 cents

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

## INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK8 cents per Share for the six months ended 30 June 2019 (six months ended 30 June 2018: HK8 cents per Share).

## DIVIDEND SCHEDULE

Events	Date and Time
Announcement of declaration of interim dividend	30 July 2019
Book close dates for interim dividend	10 September 2019 to 12 September 2019
Ex-dividend date	6 September 2019
Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend	4:30 p.m. on Monday, 9 September 2019
Record date for interim dividend	12 September 2019
Expected payment date	27 September 2019

The Company's share registrar is Computershare Hong Kong Investor Services Limited, and its address is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

# BUSINESS REVIEW

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

## GROUP OPERATING RESULTS

The Group's profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2019 ("the Reporting Period") each increased from the year-earlier period:

Group operating result	For the six months ended 30 June		Increase/ (Decrease)
	2019 HK\$ million	2018 HK\$ million	
Total net revenue	<b>17,074</b>	17,197	<b>(0.7%)</b>
Net gaming revenue	<b>16,720</b>	16,843	<b>(0.7%)</b>
Profit attributable to owners of the Company	<b>1,679</b>	1,498	<b>12.1%</b>
Adjusted EBITDA <sup>1</sup>	<b>2,078</b>	1,959	<b>6.1%</b>
Adjusted EBITDA Margin <sup>2</sup>	<b>12.2%</b>	11.4%	

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

<sup>2</sup> Adjusted EBITDA Margin is Adjusted EBITDA divided by total net revenue.

During the Reporting Period, the Group's gross gaming revenue amounted to approximately 14.1% of total gaming revenue in Macau, compared with 15.1% 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 \$3 million, as compared with \$2 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$558 million, as compared to \$627 million in the corresponding period last year.

## BUSINESS REVIEW

The Group's operating results for the six months ended 30 June 2019, as compared to the six months ended 30 June 2018, are as follows:

### OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended		Increase/ (Decrease)
	30 June 2019	2018	
Gross gaming revenue (HK\$ million)	<b>7,455</b>	9,958	<b>(25.1%)</b>
Average daily net-win per VIP gaming table (HK\$)	<b>143,010</b>	192,355	<b>(25.7%)</b>
VIP chips sales (HK\$ million)	<b>241,347</b>	350,765	<b>(31.2%)</b>
Average number of VIP gaming tables (Average of month-end numbers)	<b>288</b>	286	<b>0.7%</b>

VIP gaming operations accounted for 36.5% of the Group's total gross gaming revenue in the Reporting Period, as compared to 45.2% for the corresponding period last year. As at 30 June 2019, SJM had 295 VIP gaming tables in operation with 17 VIP promoters, as compared with 287 VIP gaming tables and 19 VIP promoters as at 31 December 2018.

The Group's gross gaming revenue from VIP gaming operations amounted to approximately 10.7% of total VIP gaming revenue in Macau, compared to 12.2% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 3.09%, as compared with 2.84% in the corresponding period last year.

## BUSINESS REVIEW

### OPERATING RESULTS — MASS MARKET TABLE GAMING

Gross gaming revenue from mass market table gaming operations comprised 60.7% of the Group's total gross gaming revenue in the Reporting Period, as compared to 52.2% 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 2019	2018	Increase
Gross gaming revenue (HK\$ million)	<b>12,402</b>	11,487	<b>8.0%</b>
Average daily net-win per mass market gaming table (HK\$)	<b>47,158</b>	44,916	<b>5.0%</b>
Average number of mass market gaming tables (Average of month-end numbers)	<b>1,453</b>	1,413	<b>2.8%</b>

In the Reporting Period, the Group's gross gaming revenue from mass market table gaming operations amounted to approximately 18.2% of total mass market table gaming revenue in Macau, compared to 20.2% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,502 mass market gaming tables in its casinos as at 30 June 2019, as compared with 1,425 mass market gaming tables as at 31 December 2018.

### OPERATING RESULTS — SLOT MACHINES AND OTHER GAMING OPERATIONS

Gross gaming revenue from slot machine operations, which include other electronic gaming machines, comprised 2.8% of total gross gaming revenue in the Reporting Period, as compared to 2.6% 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 2019	2018	Increase/ (Decrease)
Gross gaming revenue (HK\$ million)	<b>575</b>	582	<b>(1.2%)</b>
Average daily net-win per slot machine (HK\$)	<b>1,220</b>	1,172	<b>4.1%</b>
Average number of slot machines (Average of month-end numbers)	<b>2,603</b>	2,743	<b>(5.1%)</b>

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

SJM had 2,592 slot machines, operating in 12 of its casinos, as at 30 June 2019 as compared with 2,454 slot machines as at 31 December 2018.

## BUSINESS REVIEW

### OPERATING RESULTS — CASINO GRAND LISBOA

Casino Grand Lisboa	For the six months ended		Increase/ (Decrease)
	30 June 2019	2018	
Gross gaming revenue (HK\$ million)	6,859	7,949	(13.7%)
Profit attributable to the Group (HK\$ million)	1,077	999	7.8%
Adjusted Grand Lisboa EBITDA <sup>3</sup> (HK\$ million)	1,186	1,093	8.5%
Adjusted Grand Lisboa EBITDA Margin (over gross gaming revenue)	17.3%	13.7%	

<sup>3</sup> 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/loss on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption.

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the six months ended		Increase/ (Decrease)
	30 June 2019	2018	
<b>VIP operations</b>			
Gross gaming revenue (HK\$ million)	3,948	5,114	(22.8%)
Average daily net-win per VIP gaming table (HK\$)	183,313	247,845	(26.0%)
VIP chips sales (HK\$ million)	127,330	195,103	(34.7%)
Average number of VIP gaming tables (Average of month-end numbers)	119	114	4.4%
<b>Mass market operations</b>			
Gross gaming revenue (HK\$ million)	2,689	2,606	3.2%
Average daily net-win per mass market gaming table (HK\$)	53,636	52,351	2.5%
Average number of mass market gaming tables (Average of month-end numbers)	277	275	0.7%
<b>Slot machine operations</b>			
Gross gaming revenue (HK\$ million)	222	229	(3.0%)
Average daily net-win per slot machine (HK\$)	1,504	1,549	(2.9%)
Average number of slot machines (Average of month-end numbers)	815	816	(0.1%)

Casino Grand Lisboa received over 6.3 million visitors during the Reporting Period, an average of approximately 35,000 visitors per day compared with approximately 5.6 million visitors during the first half of 2018, or approximately 31,000 visitors per day.

## BUSINESS REVIEW

### OPERATING RESULTS — OTHER SELF-PROMOTED CASINOS

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

Other Self-promoted Casinos	For the six months ended		Increase/ (Decrease)
	30 June 2019	2018	
Gross gaming revenue (HK\$ million)	3,025	3,034	(0.3%)
Profit attributable to the Group (HK\$ million)	424	278	52.6%
Adjusted EBITDA (HK\$ million)	584	402	45.3%
Adjusted EBITDA Margin (over gross gaming revenue)	19.3%	13.2%	

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

Other Self-promoted Casinos	For the six months ended		Increase/ (Decrease)
	30 June 2019	2018	
<b><i>VIP operations</i></b>			
Gross gaming revenue (HK\$ million)	580	765	(24.2%)
Average daily net-win per VIP gaming table (HK\$)	145,654	150,954	(3.5%)
VIP chips sales (HK\$ million)	17,611	29,307	(39.9%)
Average number of VIP gaming tables (Average of month-end numbers)	22	28	(21.4%)
<b><i>Mass market operations</i></b>			
Gross gaming revenue (HK\$ million)	2,292	2,120	8.1%
Average daily net-win per mass market gaming table (HK\$)	33,588	33,370	0.7%
Average number of mass market gaming tables (Average of month-end numbers)	377	351	7.4%
<b><i>Slot machine operations</i></b>			
Gross gaming revenue (HK\$ million)	153	149	2.5%
Average daily net-win per slot machine (HK\$)	1,253	1,054	18.9%
Average number of slot machines (Average of month-end numbers)	673	781	(13.8%)

As at 30 June 2019, Casino Lisboa operated a total of 121 mass market gaming tables, 22 VIP gaming tables and 56 slot machines, and Casino Oceanus at Jai Alai operated a total of 220 mass market gaming tables and 461 slot machines, plus 56 mass market gaming tables and 76 slot machines in the casino area of the Jai Alai building. Casino Taipa operated 5 mass market gaming tables and 101 slot machines.

## BUSINESS REVIEW

### OPERATING RESULTS — SATELLITE CASINOS

As at 30 June 2019, SJM operated 16 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Landmark, Casino Diamond, Casino Eastern, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Million Dragon, Casino L'Arc Macau, Casino Legend Palace, Casino Macau Jockey Club, Casino Ponte 16 and Casino Royal Dragon. The 16 satellite casinos comprised a total of 808 mass market gaming tables, 150 VIP gaming tables and 1,085 slot machines as at 30 June 2019.

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

Satellite Casinos	For the six months ended		
	30 June 2019	2018	(Decrease)
Gross gaming revenue (HK\$ million)	<b>10,548</b>	11,044	<b>(4.5%)</b>
Profit attributable to the Group (HK\$ million)	<b>333</b>	417	<b>(20.1%)</b>
Adjusted EBITDA (HK\$ million)	<b>331</b>	395	<b>(16.1%)</b>
Adjusted EBITDA Margin (over gross gaming revenue)	<b>3.1%</b>	3.6%	

Operating results of satellite casinos are as follows:

Satellite Casinos	For the six months ended		
	30 June 2019	2018	Increase/ (Decrease)
<b><i>VIP operations</i></b>			
Gross gaming revenue (HK\$ million)	<b>2,927</b>	4,078	<b>(28.2%)</b>
Average daily net-win per VIP gaming table (HK\$)	<b>109,989</b>	156,476	<b>(29.7%)</b>
VIP chips sales (HK\$ million)	<b>96,406</b>	126,356	<b>(23.7%)</b>
Average number of VIP gaming tables (Average of month-end numbers)	<b>147</b>	144	<b>2.1%</b>
<b><i>Mass market operations</i></b>			
Gross gaming revenue (HK\$ million)	<b>7,421</b>	6,762	<b>9.8%</b>
Average daily net-win per mass market gaming table (HK\$)	<b>51,251</b>	47,467	<b>8.0%</b>
Average number of mass market gaming tables (Average of month-end numbers)	<b>800</b>	787	<b>1.7%</b>
<b><i>Slot machine operations</i></b>			
Gross gaming revenue (HK\$ million)	<b>200</b>	204	<b>(1.9%)</b>
Average daily net-win per slot machine (HK\$)	<b>993</b>	985	<b>0.8%</b>
Average number of slot machines (Average of month-end numbers)	<b>1,115</b>	1,146	<b>(2.7%)</b>

## BUSINESS REVIEW

### NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$256 million in revenue and \$13 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$256 million in revenue and \$25 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 94.8% for the Reporting Period, as compared with 96.3% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,487 as compared with \$1,503 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$102 million in revenue to the Group, compared with a contribution of \$102 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 89.3% for the Reporting Period as compared with 92.4% in the corresponding period last year, and the average room rate was \$1,152 as compared with \$1,103 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 2019, Macau's total gaming revenue decreased by 0.5% over the corresponding period in 2018. VIP gaming revenue decreased by 14.5% for the period, whilst Macau's mass market gaming revenue increased by 19.8%. According to figures from the Macau Government Statistics and Census Service, visitor arrivals to Macau in the first half of 2019 increased by 20.6% to 20.3 million, of which visitors from Mainland China increased by 22.3% to 14.3 million, or 70.6% of the total.

## GRAND LISBOA PALACE PROJECT

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began in February 2014, made good progress in the first half of 2019, following setbacks which occurred in the second half of 2017 due to Typhoon Hato and a fire. SJM aims to complete construction of the project by the end of 2019.

When open, which is expected in 2020, the Grand Lisboa Palace will comprise a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area will be devoted to a full range of non-gaming facilities, including hotel towers bearing the insignia "Grand Lisboa Palace", "Palazzo Versace" and "Karl Lagerfeld", totaling approximately 1,900 rooms, plus facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated total project cost of approximately \$39 billion. This estimate of total project cost represents an approximate 8% increase from our earlier estimate, originally made in 2016, and incorporates increased costs related to the project's revised completion date.

SJM signed a \$25 billion syndicated loan facilities agreement in April 2017 primarily to finance the construction costs of the Grand Lisboa Palace. Of these facilities, \$15 billion had been drawn by the end of the first half of 2019.

As at 30 June 2019, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$9.0 billion.

In May 2019 SJM announced the signing of a binding agreement with China Duty Free Group Co., Ltd. ("CDFG") to open CDFG's Macau flagship outlet at Grand Lisboa Palace, which will cover approximately 7,500 square metres on the first floor of the project's retail mall.

## PROSPECTS AND RECENT DEVELOPMENTS

### GAMING CONCESSION EXTENSION

In March 2019, a Concession Extension Contract was executed between the Macau Government and SJM, pursuant to which the gaming concession of SJM, which was due to expire on 31 March 2020, would be extended for a further period up to 26 June 2022 which coincides with the expiry date of other concessionaires so that all the original gaming concessions will expire at the same time. Details of the Concession Extension Contract were disclosed in the Company's announcement dated 15 March 2019.

Pursuant to the Concession Extension Contract, SJM submitted a bank guarantee in amount of MOP3,500 million (equivalent to approximately HK\$3,398 million) to the Macau Government on 12 June 2019 to warrant the fulfilment of an already existing commitment of labour liabilities after the expiry of the Concession Extension Contract.

### OUTLOOK

The Group's performance in the second half of 2019 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, with bank balances and cash amounting to \$16,466 million (not including \$1,021 million pledged bank deposits) as at 30 June 2019. This represented a decrease of 11.9% as compared with the position as at 31 December 2018 of \$18,691 million. The decrease was mainly attributable to capital expenditure in connection with construction of the Grand Lisboa Palace project.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2019 amounted to \$15,376 million (as at 31 December 2018: \$15,445 million). The maturity of the Group's borrowings as at 30 June 2019 is as follows:

Maturity Profile			
Within 1 year	1–2 years	2–5 years	Total
11%	20%	69%	100%

## GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of the Reporting Period (as at 31 December 2018: zero).

## CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$9.3 billion as at 30 June 2019 (as at 31 December 2018: \$9.5 billion), of which \$9.0 billion were for the Grand Lisboa Palace project. As at 30 June 2019, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

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

## PLEDGE OF ASSETS

As at 30 June 2019, certain of the Group's property and equipment and right-of-use assets (31 December 2018: certain property and equipment and land use rights) with carrying values of \$30,309 million and \$1,910 million, respectively (as at 31 December 2018: \$27,719 million and \$1,797 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$1,021 million as at 30 June 2019 (as at 31 December 2018: \$147 million).

## FINANCIAL REVIEW

### CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2019, the total amount of guarantees of the Group given to banks of \$87 million (as at 31 December 2018: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 30 June 2019.

### FINANCIAL RISK

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

### MATERIAL ACQUISITIONS AND DISPOSALS

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

### HUMAN RESOURCES

As at 30 June 2019, the Group had approximately 20,600 full-time employees. The Group's employee turnover rate was minimal in the first half of 2019.

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

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

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

德勤

TO THE BOARD OF DIRECTORS OF  
SJM HOLDINGS LIMITED

澳門博彩控股有限公司

*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 15 to 59, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

30 July 2019

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

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Gaming, hotel, catering, retail and related services revenues		<b>17,074.3</b>	17,196.6
Gaming revenue	4	<b>16,720.2</b>	16,843.3
Special gaming tax, special levy and gaming premium		<b>(7,927.5)</b>	(8,531.4)
Hotel, catering, retail and related services income		<b>8,792.7</b>	8,311.9
Cost of sales and services on hotel, catering, retail and related services		<b>354.1</b>	353.3
Other income, gains and losses		<b>(189.5)</b>	(186.6)
Marketing and promotional expenses		<b>184.0</b>	161.4
Operating and administrative expenses		<b>(3,137.5)</b>	(2,811.4)
Finance costs	5	<b>(4,228.0)</b>	(4,298.3)
Share of profits of an associate		<b>(17.6)</b>	(13.6)
Share of profits of a joint venture		<b>2.1</b>	8.6
		<b>3.8</b>	3.2
Profit before taxation	6	<b>1,764.1</b>	1,528.5
Taxation	7	<b>(24.4)</b>	(10.4)
Profit for the period		<b>1,739.7</b>	1,518.1
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		<b>(40.7)</b>	31.6
Total comprehensive income for the period		<b>1,699.0</b>	1,549.7
Profit for the period attributable to:			
owners of the Company		<b>1,679.1</b>	1,498.1
non-controlling interests		<b>60.6</b>	20.0
		<b>1,739.7</b>	1,518.1
Total comprehensive income for the period attributable to:			
owners of the Company		<b>1,638.4</b>	1,529.7
non-controlling interests		<b>60.6</b>	20.0
		<b>1,699.0</b>	1,549.7
Earnings per share:			
Basic	9	<b>HK29.6 cents</b>	HK26.5 cents
Diluted	9	<b>HK29.6 cents</b>	HK26.5 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
<b>Non-current assets</b>			
Property and equipment	10	<b>33,620.2</b>	30,378.6
Right-of-use assets	10	<b>2,955.3</b>	—
Intangible asset	11	<b>197.6</b>	—
Land use rights		—	2,264.0
Art works and diamonds		<b>281.3</b>	281.3
Interest in an associate		<b>324.0</b>	306.5
Interest in a joint venture		<b>131.5</b>	127.7
Investments in equity instruments designated at fair value through other comprehensive income		<b>875.6</b>	916.3
Other assets	12	<b>710.4</b>	1,346.2
Pledged bank deposit	13	<b>145.6</b>	145.6
		<b>39,241.5</b>	35,766.2
<b>Current assets</b>			
Inventories		<b>97.2</b>	90.8
Trade and other receivables	14	<b>1,344.7</b>	1,848.9
Pledged bank deposits	13	<b>875.1</b>	1.3
Short-term bank deposits		<b>7,655.0</b>	12,368.7
Bank balances and cash		<b>8,811.2</b>	6,322.7
		<b>18,783.2</b>	20,632.4
<b>Current liabilities</b>			
Trade and other payables	16	<b>13,152.4</b>	11,957.6
Taxation payable		<b>128.1</b>	116.8
Long-term bank loans	17	<b>1,700.0</b>	200.0
Lease liabilities		<b>218.1</b>	—
		<b>15,198.6</b>	12,274.4
Net current assets		<b>3,584.6</b>	8,358.0
Total assets less current liabilities		<b>42,826.1</b>	44,124.2

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
Non-current liabilities			
Other payables	16	142.8	882.9
Long-term bank loans	17	13,675.5	15,244.8
Lease liabilities		581.6	—
Amounts due to non-controlling interests of a subsidiary	18	290.7	287.1
Deferred taxation		13.4	22.8
		<b>14,704.0</b>	16,437.6
Net assets		<b>28,122.1</b>	27,686.6
Capital and reserves			
Share capital	19	11,279.6	11,254.1
Reserves		16,647.4	16,298.0
Equity attributable to owners of the Company		<b>27,927.0</b>	27,552.1
Non-controlling interests		195.1	134.5
Total equity		<b>28,122.1</b>	27,686.6

The condensed consolidated financial statements on pages 15 to 59 were approved and authorised for issue by the board of directors on 30 July 2019 and are signed on its behalf by:

**Ho Chiu Fung, Daisy**  
Director

**So Shu Fai**  
Director

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital HK\$ million	Share options reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 31 December 2018 (audited)	11,254.1	849.0	325.9	15,123.1	27,552.1	134.5	27,686.6
Adjustments (note 2)	—	—	—	(94.8)	(94.8)	—	(94.8)
At 1 January 2019 (restated)	11,254.1	849.0	325.9	15,028.3	27,457.3	134.5	27,591.8
Profit for the period	—	—	—	1,679.1	1,679.1	60.6	1,739.7
Other comprehensive expense for the period	—	—	(40.7)	—	(40.7)	—	(40.7)
Total comprehensive (expense) income for the period	—	—	(40.7)	1,679.1	1,638.4	60.6	1,699.0
Exercise of share options	25.5	(7.5)	—	—	18.0	—	18.0
Recognition of equity-settled share-based payments	—	2.8	—	—	2.8	—	2.8
Release of lapsed equity-settled share-based payments	—	(11.1)	—	11.1	—	—	—
Dividends paid (note 8)	—	—	—	(1,189.5)	(1,189.5)	—	(1,189.5)
	25.5	(15.8)	—	(1,178.4)	(1,168.7)	—	(1,168.7)
At 30 June 2019 (unaudited)	11,279.6	833.2	285.2	15,529.0	27,927.0	195.1	28,122.1
At 31 December 2017 (audited)	11,241.5	892.1	14.6	13,248.6	25,396.8	72.4	25,469.2
Adjustments	—	—	44.9	276.1	321.0	—	321.0
At 1 January 2018 (restated)	11,241.5	892.1	59.5	13,524.7	25,717.8	72.4	25,790.2
Profit for the period	—	—	—	1,498.1	1,498.1	20.0	1,518.1
Other comprehensive income for the period	—	—	31.6	—	31.6	—	31.6
Total comprehensive income for the period	—	—	31.6	1,498.1	1,529.7	20.0	1,549.7
Exercise of share options	4.8	(1.3)	—	—	3.5	—	3.5
Recognition of equity-settled share-based payments	—	2.3	—	—	2.3	—	2.3
Release of lapsed equity-settled share-based payments	—	(44.6)	—	44.6	—	—	—
Dividends paid (note 8)	—	—	—	(848.8)	(848.8)	—	(848.8)
	4.8	(43.6)	—	(804.2)	(843.0)	—	(843.0)
At 30 June 2018 (unaudited)	11,246.3	848.5	91.1	14,218.6	26,404.5	92.4	26,496.9

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Net cash from operating activities	<b>3,909.9</b>	2,466.6
Investing activities		
Withdrawal of short-term bank deposits	<b>13,485.6</b>	9,759.1
Interest received	<b>183.3</b>	91.0
Repayment from an investee company	<b>2.8</b>	2.6
Proceeds from disposal of property and equipment	<b>0.8</b>	0.8
Placement of short-term bank deposits	<b>(8,771.9)</b>	(12,983.6)
Acquisition of property and equipment	<b>(3,523.7)</b>	(2,762.3)
Placement of pledged bank deposits	<b>(873.8)</b>	—
Acquisition of intangible asset	<b>(197.6)</b>	—
Deposits paid for acquisitions of property and equipment	<b>(41.9)</b>	(147.1)
Advances to contractors	—	(144.5)
Advances to ultimate holding company	—	(0.1)
Dividends received	—	1.4
Net cash from (used in) investing activities	<b>263.6</b>	(6,182.7)
Financing activities		
Dividends paid	<b>(1,189.5)</b>	(848.8)
Interest paid	<b>(291.0)</b>	(184.8)
Repayments of lease liabilities	<b>(122.5)</b>	—
Repayment of long-term bank loans	<b>(100.0)</b>	(100.0)
Proceeds from issue of shares	<b>18.0</b>	3.5
Long-term bank loans raised	—	7,500.0
Net cash (used in) from financing activities	<b>(1,685.0)</b>	6,369.9
Net increase in cash and cash equivalents	<b>2,488.5</b>	2,653.8
Cash and cash equivalents at 1 January	<b>6,322.7</b>	6,171.0
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b>8,811.2</b>	8,824.8

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 1. GENERAL

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

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

The financial information relating to the year ended 31 December 2018 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2018.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

*As a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component and instead account for the lease component and any associated non-lease components as a single lease component.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

##### Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### *As a lessee (Continued)*

##### Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

##### Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### *As a lessee (Continued)*

##### Lease liabilities (Continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### *As a lessee (Continued)*

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

##### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

##### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The Group recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying HKAS 17 at its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### *As a lessee (Continued)*

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR") and Macau SAR and land leases and motor vehicles in Macau SAR was determined on a portfolio basis; and
- (iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease terms of certain leases of properties and land leases in Macau SAR with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$865.3 million and right-of-use assets of HK\$3,034.5 million at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 2.43%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued) As a lessee (Continued)

	<b>At 1 January 2019</b>
	HK\$ million
<hr/>	
Operating lease commitments disclosed as at 31 December 2018:	
land use rights	204.7
rented premises and other assets	528.4
	<hr/>
	733.1
Add: Termination options reasonably certain not to be exercised	40.4
Extension options reasonably certain to be exercised	617.3
Less: Recognition exemption — short-term leases	(155.8)
	<hr/>
	1,235.0
<hr/>	
Lease liabilities discounted at relevant incremental borrowing rates relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	865.3
	<hr/>
Analysed as	
Current	220.8
Non-current	644.5
	<hr/>
	865.3
	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	<b>Right-of- use assets</b> HK\$ million
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	770.5
Reclassified from land use rights ( <i>Note</i> )	2,264.0
	3,034.5
By class:	
Leasehold lands	2,685.5
Leasehold land and buildings	310.0
Motor vehicles	39.0
	3,034.5

*Note: Upfront payments for leasehold lands in Macau SAR were classified as land use rights as at 31 December 2018. Upon application of HKFRS 16, land use rights amounting to HK\$2,264.0 million were reclassified to right-of-use assets.*

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessee (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 December 2018</b>	<b>Adjustment</b>	<b>Carrying amounts under HKFRS 16 at 1 January 2019</b>
	HK\$ million	HK\$ million	HK\$ million
<b>Non-current assets</b>			
Land use rights <i>(Note)</i>	2,264.0	(2,264.0)	—
Right-of-use assets	—	3,034.5	3,034.5
<b>Current liability</b>			
Lease liabilities	—	(220.8)	(220.8)
<b>Non-current liability</b>			
Lease liabilities	—	(644.5)	(644.5)
<b>Capital and reserves</b>			
Reserves	(16,298.0)	94.8	(16,203.2)

*Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.*

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application of other new and amendments to HKFRSs

#### *2.2.1 Impacts and changes in accounting policies of application on Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the Group applies HKFRS 9, including the impairment requirements, to long term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 Investments in Associates and Joint Ventures (“HKAS 28”) (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31 December 2018, amount due from a joint venture of HK\$14.4 million and amount due from an associate of HK\$88.4 million are considered as long-term interests that, in substance form part of the Group’s net investments in the relevant joint venture and associate. However, the application has had no impact as the Group’s existing accounting policies are consistent with the requirements clarified by the amendments.

#### *2.2.2 Impacts and changes in accounting policies of application on Amendments to HKFRSs Annual Improvements to HKFRSs 2015–2017 Cycle*

##### *HKAS 23 Borrowing Costs*

For any specific borrowing that remains outstanding after the related qualifying asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalisation rate on general borrowings.

The application of the amendments to HKAS 23 will have no material effect on the condensed consolidated financial statements.

#### *2.2.3 Significant changes in significant judgements and key sources of estimation uncertainty*

##### *Lease term*

In determination on lease term of contracts with renewal options, the Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

##### *Incremental borrowing rate*

In determination on incremental borrowing rate, the Group applies judgement to determine the applicable rate to calculate the present value of lease payments. The incremental borrowing rate of the Group applies, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 3. OPERATING SEGMENTS

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

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	16,720.2	16,843.3	1,858.7	1,740.6
Hotel, catering and retail operations: External sales:				
Catering and retail operations: recognised at a point in time	217.0	212.5		
Hotel operations: recognised over time	137.1	140.8		
	354.1	353.3		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	25.6	15.8		
Hotel operations: recognised over time	64.8	62.9		
	90.4	78.7		
Eliminations	444.5 (90.4)	432.0 (78.7)	(111.2)	(223.6)
	354.1	353.3		
Total:				
recognised at a point in time	16,937.2	17,055.8		
recognised over time	137.1	140.8		
	17,074.3	17,196.6		
<b>Reconciliation from segment results to profit before taxation:</b>			1,747.5	1,517.0
Unallocated corporate income			80.7	100.5
Unallocated corporate expenses			(70.0)	(100.8)
Share of profits of an associate			2.1	8.6
Share of profits of a joint venture			3.8	3.2
Profit before taxation			1,764.1	1,528.5

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 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 profit before taxation earned by each segment without allocation of corporate income and expenses 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.

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

	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
<b>ASSETS</b>		
Segment assets:		
gaming operations	<b>14,347.3</b>	16,494.0
hotel, catering and retail operations	<b>4,700.7</b>	4,662.4
	<b>19,048.0</b>	21,156.4
Interest in an associate	<b>324.0</b>	306.5
Interest in a joint venture	<b>131.5</b>	127.7
Unallocated bank deposits, bank balances and cash	<b>6,679.2</b>	5,669.2
Other unallocated assets	<b>31,842.0</b>	29,138.8
Group's total	<b>58,024.7</b>	56,398.6
<b>LIABILITIES</b>		
Long-term bank loans:		
gaming operations	<b>15,093.0</b>	15,078.0
hotel, catering and retail operations	<b>100.2</b>	130.1
unallocated corporate bank loans	<b>182.3</b>	236.7
	<b>15,375.5</b>	15,444.8
Other segment liabilities:		
gaming operations	<b>11,615.6</b>	10,338.4
hotel, catering and retail operations	<b>362.1</b>	261.1
	<b>11,977.7</b>	10,599.5
Total segment liabilities	<b>27,353.2</b>	26,044.3
Unallocated liabilities	<b>2,549.4</b>	2,667.7
Group's total	<b>29,902.6</b>	28,712.0

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 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 (2018: land use rights), art works and diamonds, amounts due from an associate/a joint venture/an investee company and investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI").
- (ii) unallocated liabilities include mainly certain construction payables and amounts due to non-controlling interests of a subsidiary.
- (iii) all assets are allocated to reportable segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).
- (iv) all liabilities are allocated to reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

## 4. GAMING REVENUE

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	7,454.8	9,957.5
mass market table gaming operations	12,402.2	11,487.4
slot machine and other gaming operations	575.0	582.0
	<b>20,432.0</b>	22,026.9
Less: commissions and incentives	<b>(3,711.8)</b>	(5,183.6)
	<b>16,720.2</b>	16,843.3

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 5. FINANCE COSTS

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Interests on:		
long-term bank loans	311.7	169.7
lease liabilities	8.5	—
Imputed interest on amount due to non-controlling interests of a subsidiary	3.6	3.5
	323.8	173.2
Less: Amount capitalised	(306.2)	(159.6)
	17.6	13.6

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
<b><i>Profit before taxation has been arrived at after charging:</i></b>		
Directors' remuneration, including share-based payments to directors of HK\$2.8 million (six months ended 30 June 2018: HK\$2.0 million)	46.5	53.4
Less: Amount capitalised	(6.4)	(5.2)
	40.1	48.2
Other staff costs	2,938.9	2,828.6
Share-based payments to other staff	—	0.3
Total other staff costs	2,938.9	2,828.9
Total employee benefit expenses	2,979.0	2,877.1
Depreciation of property and equipment	447.6	605.3
Depreciation of right-of-use assets	110.7	—
Operating lease rentals in respect of land use rights	—	22.9
Loss on disposal of property and equipment	1.0	0.1
<b><i>and after crediting:</i></b>		
Bank interest income	164.4	129.5
Dividend income	—	16.7

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 7. TAXATION

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	33.8	27.8
Deferred taxation	(9.4)	(17.4)
	24.4	10.4

No provision for CT on gaming related income is made for a subsidiary of the Company, Sociedade de Jogos de Macau, S.A. (“SJM”). Pursuant to the approval notice issued by the Macau SAR government dated 27 September 2016, SJM has been exempted from CT for income generated from gaming operations for the years from 2017 to 2020.

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR government on dividend distributed by SJM (the “Special Complementary Tax”) for the period from 1 January 2017 to 31 March 2020, SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended/ending 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ending 31 March 2020. During the period, the Company, as a shareholder of SJM, were obligated to pay HK\$11.3 million (six months ended 30 June 2018: HK\$11.3 million).

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 8. DIVIDENDS

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Final dividend per ordinary share		
— HK21 cents for 2018	1,189.5	—
— HK15 cents for 2017	—	848.8
	1,189.5	848.8

On 30 July 2019, the board of directors of the Company has resolved to declare an interim dividend of HK8 cents per ordinary share amounting to HK\$453.1 million in aggregate for the six months ended 30 June 2019 (six months ended 30 June 2018: HK8 cents per ordinary share).

### 9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	1,679.1	1,498.1
	Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,663,184,984	5,658,308,188
Effect of dilutive potential ordinary shares on share options	1,993,419	2,873,344
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,665,178,403	5,661,181,532

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
<b>Property and equipment</b>		
<b>Carrying values</b>		
Leasehold land and buildings	<b>3,170.1</b>	2,494.6
Chips	<b>1.0</b>	1.0
Furniture, fixtures and equipment	<b>1,385.8</b>	1,547.8
Gaming equipment	<b>112.1</b>	124.4
Leasehold improvements	<b>1,155.5</b>	1,218.7
Motor vehicles	<b>12.0</b>	11.3
Vessels	<b>200.2</b>	206.8
Construction in progress	<b>27,583.5</b>	24,774.0
<b>Total</b>	<b>33,620.2</b>	30,378.6
<b>Right-of-use assets</b>		
<b>Carrying values</b>		
Leasehold lands	<b>2,655.9</b>	—
Leasehold land and buildings	<b>231.3</b>	—
Motor vehicles	<b>68.1</b>	—
<b>Total</b>	<b>2,955.3</b>	—

During the period, the Group incurred HK\$3,694.2 million (six months ended 30 June 2018: HK\$2,884.0 million) on acquisition of property and equipment to expand and upgrade its facilities.

At 30 June 2019, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$1,278.2 million (31 December 2018: HK\$1,494.8 million) in respect of the Group's gaming business have to be returned to the Macau SAR government at nil consideration upon completion of the term of the concession in 2022.

At 30 June 2019, the carrying values of the construction in progress of HK\$27,583.5 million (31 December 2018: HK\$24,774.0 million) represented the construction in progress of development and operation of a casino, hotel and entertainment complex on a parcel of land in Macau SAR government ("Grand Lisboa Palace Project").

During the period, the Group entered into new lease agreements for the use of properties and motor vehicles in Macau SAR for 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$54.8 million of right-of-use assets and HK\$54.8 million lease liabilities.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 11. INTANGIBLE ASSET

During the period, the Group accepted a gaming concession extension contract with Macau SAR government in respect of the gaming concession of SJM, which was originally due to expire on 31 March 2020, for a further period up to 26 June 2022. The cost of extension premium for the gaming concession contract of MOP200.0 million (equivalent to HK\$194.1 million) will be amortised on a straight line basis over the extended term of the gaming concession starting from 1 April 2020.

## 12. OTHER ASSETS

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	<b>413.3</b>	723.3
Rental deposits	<b>6.6</b>	25.2
Other receivables from gaming promoters and service providers	<b>141.5</b>	445.9
Amount due from an associate	<b>88.4</b>	88.4
Amount due from a joint venture	<b>14.4</b>	14.4
Amount due from an investee company	<b>46.2</b>	49.0
	<b>710.4</b>	1,346.2

The amounts due from an associate/a joint venture/an investee company and other receivables from gaming promoters and service providers are unsecured, interest-free and have no fixed repayment terms. At 30 June 2019, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

At 30 June 2019, HK\$0.1 million (31 December 2018: HK\$14.8 million) was included in the deposits made on acquisitions of property and equipment in respect of damaged property and equipment to be replaced by contractors.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 13. PLEDGED BANK DEPOSITS

	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
Non-current portion		
Bank deposit pledged:		
to secure a bank facility <i>(Note (a))</i>	145.6	145.6
Current portion		
Bank deposits pledged:		
to secure a bank facility <i>(Note (b))</i>	873.8	—
others	1.3	1.3
	<b>875.1</b>	1.3

Notes:

- (a) The amount represents a deposit pledged to secure the bank facility granted to a subsidiary of the Company. The bank facility represents a guarantee amounting to HK\$291.3 million from 1 April 2007 to the earlier of 180 days after the expiry of the gaming concession contract or 31 March 2020, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the gaming concession contract.
- (b) The amount represents a temporary deposit pledged to secure a bank facility granted to SJM for the period from 27 May 2019 to 27 March 2020. The banking facility represents a guarantee amounting to MOP3,500 million (equivalent to HK\$3,398.1 million) which is in favour of the Macau SAR government against obligations that would arise to SJM as an employer in connection with the termination of employment agreements potentially caused by expiration of the gaming concession contract.

At 30 June 2019, the pledged bank deposits carry fixed interest rates ranging from 1.75% to 2.10% (31 December 2018: 1.00% to 1.75%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 14. TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
Advances to gaming promoters, net	<b>197.7</b>	210.4
Other receivables from gaming promoters and service providers, net	<b>768.3</b>	839.1
Prepayments	<b>249.2</b>	291.4
Other sundry receivables	<b>277.6</b>	310.6
Advances to contractors	<b>—</b>	668.5
	<b>1,492.8</b>	2,320.0
Less: Non-current portion	<b>(148.1)</b>	(471.1)
Current portion	<b>1,344.7</b>	1,848.9

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 2019, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

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

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

At 30 June 2019, the management expects that other receivables from gaming promoters and service providers of HK\$141.5 million (31 December 2018: HK\$445.9 million) and rental deposits of HK\$6.6 million (31 December 2018: HK\$25.2 million) will not be realised or released within 12 months from the end of the reporting period. Hence, such amounts are classified as non-current assets.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 14. TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
<b>Age</b>		
0 to 30 days	<b>197.7</b>	210.4

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

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

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	<b>30.6</b>	237.7
An associate of the Group	<b>6.5</b>	5.2
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	<b>114.3</b>	150.9
	<b>151.4</b>	393.8

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSSES MODEL

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

During the year ended 31 December 2018, the Group provided impairment allowance of HK\$47.0 million (for the six months ended 30 June 2019: nil) for other receivables from gaming promoters and service providers as the management considered a service provider is credit impaired. As at 30 June 2019, allowance with an aggregate balance of HK\$179.5 million (31 December 2018: HK\$179.5 million), represents individually impaired advances to gaming promoters and other receivables from gaming promoters and service providers as the management considered the outstanding balances from these gaming promoters and service providers were uncollectible.

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

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

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

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK\$87.3 million (31 December 2018: HK\$87.3 million) as at 30 June 2019. Details of the financial guarantee contracts are set out in note 22. At the end of the reporting period, the management assessed that no credit facilities were utilised under guarantee and financial positions of that associate and that investee company, and concluded that there has been no significant credit risk arising from the financial guarantee contracts. Accordingly, there was no loss allowance for financial guarantee contracts issued by the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 16. TRADE AND OTHER PAYABLES

	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
Trade payables	1,281.1	1,389.1
Special gaming tax payable	1,355.1	1,451.2
Chips in circulation	5,314.8	4,480.7
Chips in custody and deposits received from gaming patrons and gaming promoters	701.8	597.9
Payable for acquisition of property and equipment	55.2	38.0
Construction payables	2,032.0	2,550.0
Accrued staff costs	1,667.1	1,678.9
Rental payables	205.4	171.1
Withholding tax payable for gaming promoters and employees	30.4	21.1
Other sundry payables and accruals	652.3	462.5
	<b>13,295.2</b>	12,840.5
Less: Non-current portion	<b>(142.8)</b>	(882.9)
Current portion	<b>13,152.4</b>	11,957.6

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

	At 30 June 2019 HK\$ million (unaudited)	At 31 December 2018 HK\$ million (audited)
<b>Age</b>		
0 to 30 days	1,268.6	1,373.2
31 to 60 days	3.7	10.4
61 to 90 days	5.8	2.3
Over 90 days	3.0	3.2
	<b>1,281.1</b>	1,389.1

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 16. TRADE AND OTHER PAYABLES (Continued)

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

The Group provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Group has the following main types of liabilities associated with contracts with customers included in other sundry payables and accruals: (1) liabilities in relation to loyalty points under customer relationship programs and (2) other deferred revenue.

The liabilities in relation to loyalty points under customer relationship programs represent a deferral of revenue for future goods and services to be provided by the Group until gaming patrons redeem points earned. The loyalty points are expected to be redeemed and recognised as revenue within one year of being earned.

The other deferred revenue represents accrued goods or services provided on a complimentary basis to gaming patrons and gaming promoters for future goods and services provided by the Group. The majority of these goods or services are expected to be recognised as revenue within one year of being granted.

The following table summarises the liability activity related to contracts with customers:

	Liabilities in relation to loyalty points under customer relationship programs		Other deferred revenue	
	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)	2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)
Balance at 1 January	21.8	26.7	6.4	6.4
Balance at 30 June	25.3	27.4	6.9	6.7
Increase	3.5	0.7	0.5	0.3

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 16. TRADE AND OTHER PAYABLES (Continued)

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

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	<b>87.2</b>	77.5
An associate of the Group	<b>124.3</b>	167.8
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	<b>316.2</b>	341.3
	<b>527.7</b>	586.6

### 17. LONG-TERM BANK LOANS

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
The syndicated secured long-term bank loans are repayable:		
within one year	<b>1,700.0</b>	200.0
between one to two years	<b>3,144.0</b>	2,451.5
between two to five years	<b>10,531.5</b>	12,793.3
	<b>15,375.5</b>	15,444.8
Less: Current portion	<b>(1,700.0)</b>	(200.0)
Non-current portion	<b>13,675.5</b>	15,244.8

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 17. LONG-TERM BANK LOANS (Continued)

Variable-rate bank loans comprise:

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace Project (“GLP Bank Loans”)	<b>15,040.5</b>	15,009.8
Secured bank loans for Ponte 16 (“P16 Bank Loans”)	<b>335.0</b>	435.0
	<b>15,375.5</b>	15,444.8

### GLP Bank Loans

At 30 June 2019, the range of effective interest rates of the secured bank loans is 3.81% to 3.97% (31 December 2018: 3.89% to 4.32%) per annum. The purpose of the secured syndicated loan facilities is for financing the Grand Lisboa Palace Project.

At 30 June 2019, the GLP Bank Loans are secured by certain property and equipment and right-of-use assets (31 December 2018: certain property and equipment and land use rights) of the Group with carrying values of HK\$29,838.8 million (31 December 2018: HK\$27,215.9 million) and HK\$1,849.7 million (31 December 2018: HK\$1,740.3 million), respectively. In addition, the other key terms and securities for such long-term bank loans pledged are set out as follows:

- (i) an assignment of all material project documents, receivables and related receivables generated from gaming and hotel operation of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of SJM and its certain subsidiaries;
- (iii) an unconditional and irrevocable funding and completion undertaking for the Grand Lisboa Palace Project;
- (iv) assignments of all the rights and benefits of insurance and reinsurance policies and construction contracts relating to certain properties held by the Group, if default;
- (v) share pledges over the shares of certain subsidiaries; and
- (vi) a legally binding promissory note (i.e. notarised livranca) for HK\$27,500 million (31 December 2018: HK\$27,500 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 17. LONG-TERM BANK LOANS (Continued)

### P16 Bank Loans

At 30 June 2019, the effective interest rate of the secured bank loans is 4.58% (31 December 2018: 4.45%) per annum. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 30 June 2019, the P16 Bank Loans were secured by certain property and equipment and right-of-use assets (31 December 2018: certain property and equipment and land use rights) of the Group with carrying values of HK\$470.0 million (31 December 2018: HK\$503.1 million) and HK\$60.7 million (31 December 2018: HK\$56.6 million), respectively. In addition, the other key terms and securities for such long-term bank loans pledged are set out as follows:

- (i) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$1,000 million (31 December 2018: HK\$1,000 million) and HK\$490 million (31 December 2018: HK\$490 million), respectively;
- (ii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited (“Pier 16 – Property”) and its subsidiaries, if default;
- (iii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (iv) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default; and
- (v) share pledges over the shares of certain subsidiaries.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

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

During the six months ended 30 June 2019, imputed interest of HK\$3.6 million (for the year ended 31 December 2018: HK\$7.1 million) on the amount due to the non-controlling interests of a subsidiary of HK\$290.7 million (31 December 2018: HK\$287.1 million) has been recognised at a weighted average original interest rate of approximately 2.51% (31 December 2018: 2.51%) per annum. At 30 June 2019, the principal amount was HK\$317.4 million (31 December 2018: HK\$317.4 million).

The relevant bank facility allows the subsidiary to repay shareholders' loan, subject to certain terms and conditions, including certain leverage ratio requirements. On this basis, the Group agreed with the non-controlling shareholders of that subsidiary on the amounts and timing of the repayment of the amount due to them, taking into account the estimate of amounts and timing of repayment of bank loans pursuant to the bank facility agreement.

At 30 June 2019 and 31 December 2018, the total carrying amounts were classified as non-current liabilities.

## 19. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
<b>Ordinary shares with no par value</b>		
At 1 January 2018 (audited)	5,658,129,293	11,241.5
Exercise of share options	540,000	4.8
At 30 June 2018 (unaudited)	5,658,669,293	11,246.3
Exercise of share options	990,000	7.8
At 31 December 2018 (audited)	<b>5,659,659,293</b>	<b>11,254.1</b>
Exercise of share options	<b>4,450,000</b>	<b>25.5</b>
At 30 June 2019 (unaudited)	<b>5,664,109,293</b>	<b>11,279.6</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 20. SHARE OPTION SCHEME

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

A summary of the movements of the outstanding options during the six months ended 30 June 2019 under the Scheme is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			
					Outstanding at 1.1.2019	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2019
Directors	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	3,000,000	(3,000,000)	—	—
	31.8.2010	31.8.2010 to 27.2.2011	28.2.2011 to 27.2.2020	7.48	3,000,000	—	—	3,000,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,500,000	—	—	3,500,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	1,000,000	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	1,000,000	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	1,000,000	—	—	1,000,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	35,835,000	—	—	35,835,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	35,835,000	—	—	35,835,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	35,830,000	—	—	35,830,000
	22.6.2017	22.6.2017 to 21.12.2017	22.12.2017 to 21.12.2026	8.33	500,000	(500,000)	—	—
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	1,000,000	(500,000)	—	500,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	8.33	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
Employees	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	450,000	(450,000)	—	—
	26.5.2010	26.5.2010 to 25.11.2010	26.11.2010 to 25.11.2019	5.03	260,000	—	—	260,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,000,000	—	—	3,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	12,598,000	—	(155,000)	12,443,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 20. SHARE OPTION SCHEME (Continued)

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			
					Outstanding at 1.1.2019	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2019
Employees (Continued)	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	12,553,000	—	(154,000)	12,399,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	12,539,000	—	(153,000)	12,386,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	5,445,000	—	(54,000)	5,391,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	5,445,000	—	(54,000)	5,391,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	5,330,000	—	(52,000)	5,278,000
	11.5.2016	11.5.2016 to 10.11.2016	11.11.2016 to 10.11.2025	4.89	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2017	11.11.2017 to 10.11.2025	4.89	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2018	11.11.2018 to 10.11.2025	4.89	1,000,000	—	—	1,000,000
Other participants	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	500,000	—	—	500,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	167,000	—	(167,000)	—
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	167,000	—	(167,000)	—
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	166,000	—	(166,000)	—
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	384,000	—	(217,000)	167,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	384,000	—	(217,000)	167,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	382,000	—	(216,000)	166,000
					<b>188,270,000</b>	<b>(4,450,000)</b>	<b>(1,772,000)</b>	<b>182,048,000</b>
Weighted average exercise price per share					<b>HK\$12.32</b>	<b>HK\$4.06</b>	<b>HK\$16.44</b>	<b>HK\$12.45</b>

On 1 February 2019, one of the other participants of the Group has been employed as an employee of the Group. The opening outstanding number of such other participant's share options is reclassified to employees' section.

On 11 June 2019, a director of the Company retired. The opening outstanding number of such ex-director's share options is reclassified to other participants' section.

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$7.46 (six months ended 30 June 2018: HK\$9.01). At the end of the reporting period, 179,048,000 share options are exercisable (31 December 2018: 185,270,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 20. SHARE OPTION SCHEME (Continued)

On 21 June 2018, a total of 3,000,000 share options with the estimated fair value of HK\$12.1 million at the date of grant were granted to a director at an exercise price of HK\$10.26 per share under the terms of the Scheme. Total consideration received from the participant for taking up the options granted amounted to HK\$1.

The Group recognised total expenses of HK\$2.8 million during the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$2.3 million) in relation to share options granted by the Company.

### 21. CAPITAL COMMITMENTS

	<b>At 30 June 2019 HK\$ million (unaudited)</b>	At 31 December 2018 HK\$ million (audited)
Capital expenditure in respect of property and equipment:		
Authorised but not contracted for:		
Grand Lisboa Palace Project	<b>5,651.6</b>	4,098.5
Others	<b>95.6</b>	93.4
	<b>5,747.2</b>	4,191.9
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	<b>3,395.8</b>	4,632.5
Others	<b>154.4</b>	715.6
	<b>3,550.2</b>	5,348.1

At the end of the reporting period, capital expenditure in respect of property and equipment committed to acquire from related parties amounted to HK\$304.3 million (31 December 2018: HK\$829.2 million).

At 30 June 2019, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$39,000 million (31 December 2018: HK\$36,000 million).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 22. CONTINGENT LIABILITIES AND GUARANTEES

	At 30 June 2019		At 31 December 2018	
	Maximum guarantees given HK\$ million (unaudited)	Credit facilities utilised HK\$ million (unaudited)	Maximum guarantees given HK\$ million (audited)	Credit facilities utilised HK\$ million (audited)
Guarantees given to banks in respect of credit facilities granted to:				
an associate	67.3	—	67.3	—
an investee company	20.0	—	20.0	—
	<b>87.3</b>	<b>—</b>	87.3	—

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2019 HK\$ million	31 December 2018 HK\$ million			
<b>Investments in equity instruments designated at FVTOCI</b>					
Listed equity securities	<b>304.6</b>	352.3	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	<b>571.0</b>	564.0	Level 2	Recent transaction price of the investments	N/A

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

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

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

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

All gains and losses included in other comprehensive income relate to the unlisted equity instruments designated at FVTOCI held at the end of the reporting period and are reported as changes of investment revaluation reserve.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 24. RELATED PARTY TRANSACTIONS

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

Relationship	Nature of transactions	Six months ended 30 June		
		2019 HK\$ million (unaudited)	2018 HK\$ million (unaudited)	
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	<b>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</b>			
	Property rentals (note 24(c))	119.4	138.5	
	Transportation (note 24(d))	52.7	66.5	
	Hotel accommodation (note 24(d))	9.4	11.4	
	Entertainment (note 24(d))	7.4	9.7	
	<b>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</b>			
	Share of administrative expenses (note 24(e) and (f))	0.7	0.8	
	Cleaning services (note 24(f))	14.0	13.4	
	Hotel management and operation (note 24(d) and (f))	8.3	10.5	
	Promotional and advertising services (note 24(d) and (f))	3.3	6.2	
	Maintenance services (note 24(d) and (f))	6.1	6.2	
	Others (note 24(f))	7.9	8.0	
	<b>Non-exempt connected transactions under Chapter 14A of the Listing Rules</b>			
	Purchase of a property (note 24(m))	680.0	—	
	Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	<b>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</b>		
Service fees in relation to the promotion of a casino (note 24(g))		488.8	475.3	
Property rentals (note 24(i))		59.3	59.2	
<b>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</b>				
Others (note 24(f) and (h))		41.4	44.6	
Entities other than the above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	Service fees in relation to the promotion of a casino (note 24(j))	376.0	330.5	
	Insurance expenses	74.2	54.6	
	Promotion and advertising expenses	0.6	0.6	
	Service fee in relation to foreign currencies exchange	6.1	6.1	
	Construction costs	2.2	1.2	
	Others	4.5	4.5	
	An associate	Construction costs and management fee paid	141.2	189.7
A joint venture	Property rentals	7.2	7.2	

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 24. RELATED PARTY TRANSACTIONS (Continued)

- (b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, STDM transferred its gaming assets to SJM. SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the gaming concession contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the six months ended 30 June 2019, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (for the six months ended 30 June 2018: HK\$0.1 million).
- (c) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The amounts of transactions during the period were disclosed in note 24(a) above.
- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and its associates (the "Products and Services Master Agreement"). The types of products and services include hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM ("Renewed Master Agreement") for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operations, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 24(f). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014 for a term of three years from 1 January 2014 and was further renewed on 26 January 2017 for a term of three years from 1 January 2017 with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation and maintenance services. The transaction amounts for the hotel management and operations and maintenance services during the period were de minimis as described in note 24(f).
- (e) The Company entered into an agreement with STDM dated 18 June 2008 (the "Administrative Cost Sharing Agreement") whereby STDM and its associates have agreed to continue to share certain administrative services.

Starting from 2014, these transactions were exempted as continuing connected transactions under Rule 14A.98 of the Listing Rules. The amount of transactions during the period was disclosed in note 24(a) above.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 24. RELATED PARTY TRANSACTIONS (Continued)

- (f) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.
- (g) SJM entered into an agreement with Tin Hou Limited ("Tin Hou") dated 19 February 2010 regarding the provision of management services and promotion service to SJM in the gaming area of Grand Emperor Hotel in Macau SAR for the period from 1 October 2009 to 31 March 2020 or any earlier termination with 21 days' notice to other party who is in default of the agreement. Tin Hou is a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and is a connected person of the Company pursuant to Rules 14A.07(4) and 14A.12(2)(a) of the Listing Rules.
- (h) On 24 June 2011, SJM, a subsidiary of the Company, and Shun Tak & CITS Coach (Macao) Limited ("ST-CITS") entered into a master service agreement to formalise business arrangements between the Group and the ST-CITS together with its subsidiaries in relation to the provision of transportation services within Macau locally as well as operating cross border routes to mainland cities of China.

Such agreement was renewed on 31 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The transaction amount for transportation during the six months ended 30 June 2018 and 2019 was de minimis as described in note 24(f).

- (i) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ended on a date not later than 31 December 2016. Such agreement was renewed on 14 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 24(a) above.
- (j) Service fees in relation to the promotion of a casino were paid to an entity in which certain directors of the Group are the directors and/or key management personnel of the entity.
- (k) Save as disclosed in note 17, in addition to the securities provided by the Group to the relevant banks, non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:
  - (i) financial guarantee with promissory note of HK\$490 million (31 December 2018: HK\$490 million);
  - (ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 24. RELATED PARTY TRANSACTIONS (Continued)

- (l) In November 2007, the immediate holding company, STDM-Investments Limited (“STDM-I”), has provided a surety (the “STDM-I Surety”) in favour of the Company for the due and punctual payment of obligations the Company may incur in relation to:
  - (i) penalties incurred by the Company for any non-criminal violations of relevant laws or regulations pertaining to anti-money laundering, where such violations occurred prior to the listing of the ordinary shares of the Company on the Stock Exchange; and
  - (ii) losses or contingency provisions incurred by the Company in connection with any judgement of any lawsuit, as set out in the paragraph headed “Litigation” in Appendix VII to the Company’s prospectus dated 26 June 2008, to which the Company is a party and which is pending at the time of listing of the ordinary shares of the Company on the Stock Exchange.

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

- (m) A property was acquired at a consideration of HK\$680 million during the six months ended 30 June 2019. The seller in the acquisition was a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules.

# DISCLOSURE OF INTERESTS

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

As at 30 June 2019, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

### Interests in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Chiu Fung, Daisy	Beneficial owner	Long position	1,500,000	—	0.03%
	Beneficial owner	Long position	—	1,500,000 (Note 1)	0.03%
			1,500,000	1,500,000	0.06%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	—	9,000,000 (Note 1)	0.16%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.09%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.62%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.71%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.33%

## DISCLOSURE OF INTERESTS

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

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

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

Notes:

- These represent the interests in underlying Shares in respect of share options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
- The percentage has been calculated based on 5,664,109,293 Shares in issue as at 30 June 2019.

## DISCLOSURE OF INTERESTS

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

#### Interests in shares, underlying shares and debentures of associated corporations

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

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

##### *Sociedade de Jogos de Macau, S.A.*

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

#### *Directors' Right to Acquire Shares or Debentures*

Save as disclosed above, so far as was known to any Director, as of 30 June 2019, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2019, details of substantial Shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of substantial Shareholder	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Sociedade de Turismo e Diversões de Macau, S.A.	Beneficial owner and its controlled corporation (Note 1)	Long position	3,062,059,500	—	54.06%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000 (Note 3)	8.62%

Notes:

1. 12,072,000 Shares are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.
2. The percentage has been calculated based on 5,664,109,293 Shares in issue as at 30 June 2019.
3. These represent the interests in underlying Shares in respect of the Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

# SHARE OPTION SCHEME

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

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2019 were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2019
				Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors:									
Ho Chiu Fung, Daisy	22 June 2017 (Note 8)	22 December 2017 to 21 December 2026	\$8.33	500,000	—	(500,000)	—	—	—
	22 June 2017 (Note 8)	22 December 2018 to 21 December 2026	\$8.33	1,000,000	—	(500,000)	—	—	500,000
	22 June 2017 (Note 8)	22 December 2019 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	31 August 2010 (Note 3)	28 February 2011 to 27 February 2020	\$7.48	3,000,000	—	—	—	—	3,000,000
	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
So Shu Fai	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Chau Tak Hay	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Shek Lai Him, Abraham	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000

## SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2019
				Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors: (Continued)									
Ng Chi Sing	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000
Chan Un Chan	21 June 2018 (Note 9)	21 December 2018 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 9)	21 December 2019 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 9)	21 December 2020 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
Shum Hong Kuen, David	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	3,000,000	—	(3,000,000)	—	—	—
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Directors):				119,500,000	—	(4,000,000)	—	—	115,500,000
Retired Director:									
Cheng Kar Shun (retired as Non-executive Director on 11 June 2019)	8 October 2013 (Notes 5 & 10)	8 April 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Notes 5 & 10)	8 April 2015 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Notes 5 & 10)	8 April 2016 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Notes 6 & 10)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Notes 6 & 10)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Notes 6 & 10)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Retired Director):				6,000,000	—	—	—	—	6,000,000
Associates (as defined in the Listing Rules) of Directors (who are also Employees):									
Ho Hung Sun, Stanley	15 June 2015 (Notes 6 & 10)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Notes 6 & 10)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Notes 6 & 10)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Huen Wai Kei	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employees)):				5,260,000	—	—	—	—	5,260,000

## SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2019
				Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Employees	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	450,000	—	(450,000)	—	—	—
Employees	26 May 2010 (Note 2)	26 November 2010 to 25 November 2019	\$5.03	260,000	—	—	—	—	260,000
Employees	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
Employees*	8 October 2013 (Notes 5 & 11)	8 April 2014 to 7 April 2023	\$22	12,531,000	—	—	—	(155,000)	12,376,000
Employees*	8 October 2013 (Notes 5 & 11)	8 April 2015 to 7 April 2023	\$22	12,486,000	—	—	—	(154,000)	12,332,000
Employees*	8 October 2013 (Notes 5 & 11)	8 April 2016 to 7 April 2023	\$22	12,473,000	—	—	—	(153,000)	12,320,000
Employees*	15 June 2015 (Notes 6 & 11)	15 December 2015 to 14 December 2024	\$9.826	3,758,000	—	—	—	(54,000)	3,704,000
Employees*	15 June 2015 (Notes 6 & 11)	15 December 2016 to 14 December 2024	\$9.826	3,758,000	—	—	—	(54,000)	3,704,000
Employees*	15 June 2015 (Notes 6 & 11)	15 December 2017 to 14 December 2024	\$9.826	3,644,000	—	—	—	(52,000)	3,592,000
Employee	11 May 2016 (Note 7)	11 November 2016 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2017 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2018 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Sub-total (Employees):				55,360,000	—	(450,000)	—	(622,000)	54,288,000
Other participants	8 October 2013 (Notes 5 & 11)	8 April 2014 to 7 April 2023	\$22	167,000	—	—	—	(167,000)	—
Other participants	8 October 2013 (Notes 5 & 11)	8 April 2015 to 7 April 2023	\$22	167,000	—	—	—	(167,000)	—
Other participants	8 October 2013 (Notes 5 & 11)	8 April 2016 to 7 April 2023	\$22	166,000	—	—	—	(166,000)	—
Other participant	17 March 2011 (Notes 4 & 12)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
Other participants	15 June 2015 (Notes 6, 11 & 12)	15 December 2015 to 14 December 2024	\$9.826	384,000	—	—	—	(217,000)	167,000
Other participants	15 June 2015 (Notes 6, 11 & 12)	15 December 2016 to 14 December 2024	\$9.826	384,000	—	—	—	(217,000)	167,000
Other participants	15 June 2015 (Notes 6, 11 & 12)	15 December 2017 to 14 December 2024	\$9.826	382,000	—	—	—	(216,000)	166,000
Sub-total (Other participant):				2,150,000	—	—	—	(1,150,000)	1,000,000
Total:				188,270,000	—	(4,450,000)	—	(1,772,000)	182,048,000

\* excluding associates (as defined in the Listing Rules) of Directors who are also Employees.

## SHARE OPTION SCHEME

### Notes:

- The vesting period for all of the Options granted on 13 July 2009 is six months from the date of grant, except the vesting period for Options in respect of a total of 30,000,000 Shares is one third of vesting on 13 January 2010, then one third of vesting on each of the first and second anniversaries of such vesting date. All the Options granted on that date were exercised before their expiry date of 12 January 2019. The closing price of the Shares immediately before the date of grant was HK\$2.85. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

166,700,000 Options granted on 13 July 2009	Exercise period	Option unit value
146,700,000	13 January 2010 to 12 January 2019	HK\$1.25819
10,000,000	13 January 2011 to 12 January 2019	HK\$1.28888
10,000,000	13 January 2012 to 12 January 2019	HK\$1.31545

- The vesting period for all of the Options granted on 26 May 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.83. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.0178.
- The vesting period for all of the Options granted on 31 August 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$7.49. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.8926.
- The vesting period for all of the Options granted on 17 March 2011 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$12.58. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$4.5320.
- The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such vesting date. The vesting period for 3,000,000 Options granted on 8 October 2013 is approximately 34% vesting on one year from the date of grant, then approximately 16.5% vesting on two, three, four and five years from the date of grant respectively, and all these 3,000,000 Options were lapsed in 2018. The closing price of the Shares immediately before the date of grant was HK\$21.95. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

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

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

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

## SHARE OPTION SCHEME

Notes: (continued)

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

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

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

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

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

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

10. On 11 June 2019, Dr. Cheung Kar Shun retired as Non-executive Director of the Company and holds no other position in the Group subsequently.
11. An other participant was re-classified as an employee of the Group during the period. The classification of outstanding number of her share options is re-classified to confirm with current period's presentation.
12. On 11 June 2019, Dr. Lan Hong Tsung, David retired as Independent Non-executive Director of the Company and was appointed as a consultant to the Company on that date. He is re-classified as an other participant and the classification of outstanding number of his share options is re-classified to confirm with current period's presentation.
13. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$7.61.

# DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2019 and up to 30 June 2019, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Biographical details update since 1 January 2019 and up to 30 June 2019
Ho Chiu Fung, Daisy	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Company by HK\$167,124 for 2018</li> <li>• Increased by HK\$100,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Appointed as a member of the Remuneration Committee of the Company with effect from 28 February 2019 at the annual base fee of HK\$44,000 (on pro-rata basis)</li> <li>• Appointed as a member of the Nomination Committee of the Company with effect from 28 February 2019 at the annual base fee of HK\$33,000 (on pro-rata basis), and re-designated as the chairman of the Nomination Committee of the Company with effect from 11 June 2019 at the annual base fee of HK\$66,000 (on pro-rata basis)</li> <li>• Appointed as the chairman of SJM with effect from 25 March 2019 at the monthly base fee of HK\$1,000,000 (on pro-rata basis)</li> <li>• Re-designated from the chairman to the vice-chairman of Hong Kong Ballet with effect from 1 April 2019</li> </ul>
Fok Tsun Ting, Timothy	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$126,028 for 2018</li> <li>• Increased by HK\$100,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$135,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2019</li> </ul>
Leong On Kei, Angela	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$185,937 for 2018</li> <li>• Increased by HK\$100,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$3,000 annual base fee to be received from the Company as a member of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$4,000 annual base fee to be received from the Company as a member of the Remuneration Committee since 1 January 2019</li> <li>• Increased by HK\$135,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2019</li> <li>• Increased monthly director's base fee from SJM by HK\$18,392 since 1 April 2019</li> <li>• Increased monthly base fee as Chairman of Staff Welfare Consultative Committee of SJM by HK\$2,077 since 1 April 2019</li> <li>• Appointed as a member of the 5th Elective Committee of Chief Executive of Macau SAR with effect from 21 June 2019</li> </ul>
So Shu Fai	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$104,530 for 2018</li> <li>• Increased by HK\$100,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$3,000 annual base fee to be received from the Company as a member of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$4,000 annual base fee to be received from the Company as a member of the Remuneration Committee since 1 January 2019</li> <li>• Increased by HK\$135,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2019</li> <li>• Increased monthly director's base fee from SJM by HK\$24,325 since 1 April 2019</li> </ul>

## DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Name of Director	Biographical details update since 1 January 2019 and up to 30 June 2019 (Continued)
Chau Tak Hay	<ul style="list-style-type: none"> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$12,000 annual base fee to be received from the Company as a member of the Audit Committee since 1 January 2019</li> <li>• Increased by HK\$6,000 annual base fee to be received from the Company as the chairman of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$4,000 annual base fee to be received from the Company as a member of the Remuneration Committee since 1 January 2019</li> <li>• Re-designated from the chairman to a member of the Nomination Committee of the Company with effect from 11 June 2019 at the annual base fee of HK\$33,000 (on pro-rata basis)</li> <li>• Re-designated from a member to the chairman of the Remuneration Committee of the Company with effect from 11 June 2019 at the annual base fee of HK\$88,000 (on pro-rata basis)</li> </ul>
Shek Lai Him, Abraham	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$40,000 for 2018</li> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$12,000 annual base fee to be received from the Company as a member of the Audit Committee since 1 January 2019</li> <li>• Increased by HK\$3,000 annual base fee to be received from the Company as a member of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$4,000 annual base fee to be received from the Company as a member of the Remuneration Committee since 1 January 2019</li> <li>• Increased by HK\$162,000 annual base fee to be received from the Group as the chairman of ad hoc committees for the Cotai Project since 1 January 2019</li> <li>• Appointed as the Honorary Chairman and retired as Chairman but remained as independent non-executive director of Chuang's China Investment Limited with effect from 29 April 2019</li> <li>• Retired as independent non-executive director of MTR Corporation Limited with effect from 22 May 2019</li> <li>• Appointed as independent non-executive director of Ping An OneConnect Company Limited with effect from 23 May 2019</li> <li>• Appointed as independent non-executive director of Far East Consortium International Limited with effect from 3 June 2019</li> </ul>
Tse Hau Yin	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$33,333 for 2018</li> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$24,000 annual base fee to be received from the Company as the chairman of the Audit Committee since 1 January 2019</li> <li>• Increased by HK\$3,000 annual base fee to be received from the Company as a member of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$4,000 annual base fee to be received from the Company as a member of the Remuneration Committee since 1 January 2019</li> <li>• Increased by HK\$135,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2019</li> </ul>
Ng Chi Sing	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$65,118 for 2018</li> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Retired as a director but remained as Chief Operating Officer of SJM with effect from 25 March 2019</li> <li>• Increased monthly base fee as Chief Operating Officer from SJM by HK\$22,249 since 1 April 2019</li> </ul>
Chan Un Chan	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$226,027 for 2018</li> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> </ul>
Shum Hong Kuen, David	<ul style="list-style-type: none"> <li>• Increased director's special fee from the Group by HK\$33,334 for 2018</li> <li>• Increased by HK\$50,000 director's annual base fee from the Company since 1 January 2019</li> <li>• Increased by HK\$3,000 annual base fee to be received from the Company as a member of the Nomination Committee since 1 January 2019</li> <li>• Increased by HK\$135,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2019</li> <li>• Resigned as a member of the Nomination Committee of the Company with effect from 28 February 2019</li> </ul>

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

# OTHER REGULATORY COMPLIANCE INFORMATION

## 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 2019.

## CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2019 to 30 June 2019, the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

## MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code during the six months ended 30 June 2019.

## REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2019 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 2019 has been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board of Directors  
**SJM Holdings Limited**

**Ho Chiu Fung, Daisy**  
*Chairman and Executive Director*

Hong Kong, 30 July 2019

# CORPORATE INFORMATION

## CHAIRMAN EMERITUS

Dr. Ho Hung Sun, Stanley

## BOARD OF DIRECTORS

### Chairman and Executive Director

Ms. Ho Chiu Fung, Daisy

### Co-Chairmen and Executive Directors

Mr. Fok Tsun Ting, Timothy

Deputada Leong On Kei, Angela

### Vice-Chairman, Executive Director and Chief Executive Officer

Dr. So Shu Fai

### Executive Director and Chief Operating Officer

Mr. Ng Chi Sing

### Executive Directors

Dr. Chan Un Chan

Mr. Shum Hong Kuen, David

### Non-executive Director

Mr. Tsang On Yip, Patrick (*elected on 11 June 2019*)

### Independent Non-executive Directors

Mr. Chau Tak Hay

Hon. Shek Lai Him, Abraham

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina (*elected on 11 June 2019*)

## AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Mr. Chau Tak Hay

Hon. Shek Lai Him, Abraham

Ms. Wong Yu Pok, Marina (*appointed on 11 June 2019*)

## NOMINATION COMMITTEE

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

(*appointed as a member on 28 February 2019*

*and re-designated as the Committee Chairman on 11 June 2019*)

Mr. Chau Tak Hay

(*re-designated from the Committee Chairman to a member on 11 June 2019*)

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina (*appointed on 11 June 2019*)

## REMUNERATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)

(*re-designated from a member to the*

*Committee Chairman on 11 June 2019*)

Ms. Ho Chiu Fung, Daisy (*appointed on 28 February 2019*)

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina (*appointed on 11 June 2019*)

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3001–3006, 30th Floor,  
One International Finance Centre,  
1 Harbour View Street, Central,  
Hong Kong

Tel: (852) 3960 8000

Fax: (852) 3960 8111

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

Email (Investor Relations): [ir@sjmholdings.com](mailto:ir@sjmholdings.com)

## LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880:HK (Bloomberg)

Board lot: 1,000 shares

Designated Security Eligible for Short Selling

Constituent of Hang Seng HK35 Index

Hang Seng Shenzhen Hong Kong Index

Hang Seng Shenzhen Hong Kong Consumption Index

Eligible Stock for both "buy" and "sell" of

Southbound Trading of Shanghai-Hong Kong Stock Connect  
and Shenzhen-Hong Kong Stock Connect

## SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai,

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

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

Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)

## CHIEF FINANCIAL OFFICER

Mr. McBain, Robert Earle

## CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

## COMPANY SECRETARY

Ms. Kwok Shuk Chong

## LEGAL ADVISORS

*On Hong Kong Law:* Linklaters

*On Macau Law:* C&C Advogados

Riquito Advogados

## FINANCIAL ADVISOR

Somerley Capital Limited

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

Chong Hing Bank Limited

# DEFINITIONS

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

- “Adjusted EBITDA” : earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment and share-based payments
- “Adjusted EBITDA Margin” : the Adjusted EBITDA divided by total net revenue
- “Adjusted Grand Lisboa EBITDA” : earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption
- “Adjusted Grand Lisboa EBITDA Margin” : the Adjusted Grand Lisboa EBITDA over gross gaming revenue of Casino Grand Lisboa
- “Administrative Cost Sharing Agreement” : the agreement dated 18 June 2008 entered into between the Company and STDM by which STDM and/or its associates (as defined in the Listing Rules) and the Group have agreed to share the costs of certain administrative services, which was renewed on 19 June 2011 and expired on 31 December 2013
- “Board” : the board of Directors of the Company
- “Chips Agreement” : the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM’s gaming operations
- “CODM” : the chief operation decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions
- “Company” or “SJM Holdings” : SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
- “Concession Extension Contract” : the addendum to the Gaming Concession Contract between the Macau Government and SJM executed on 15 March 2019 for extension of the Gaming Concession Contract from 31 March 2020 to 26 June 2022
- “connected person(s)” : has the meaning ascribed to it under the Listing Rules

## DEFINITIONS

“CT”	: the Complementary Tax of the Macau SAR
“DICJ”	: Direcção de Inspecção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
“Director(s)”	: the director(s) of the Company
“FVTOCI”	: fair value through other comprehensive income
“Gaming Concession Contract”	: the gaming concession contract for the operation of casino games dated 28 March 2002 between the Macau Government and SJM, as amended and supplemented by supplemental agreements between the same parties dated 19 April 2005, 26 September 2013 and 23 January 2017
“GLP Bank Loans”	: secured bank loans for Grand Lisboa Palace Project
“Grand Lisboa Palace Project”	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
“Group”	: the Company and its subsidiaries
“Hong Kong” or “Hong Kong SAR”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HKAS”	: Hong Kong Accounting Standard
“HKFRSs”	: Hong Kong Financial Reporting Standards
“HKICPA”	: Hong Kong Institute of Certified Public Accountants
“Listing Rules”	: The Rules Governing the Listing of Securities on the Stock Exchange
“Macau” or “Macau SAR”	: the Macau Special Administrative Region of the People’s Republic of China
“Model Code”	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“Options”	: share options which the Directors may grant to any participants of the Scheme
“Other Self-promoted Casinos”	: Casino Lisboa, Casino Oceanus at Jai Alai (including the casino area in the Jai Alai building) and Casino Taipa

## DEFINITIONS

“P16 Bank Loans”	: secured bank loans for Ponte 16
“Pier 16 – Property”	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
“Products and Services Master Agreement”	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group
“Renewed Master Agreement”	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 for a term of three years from 1 January 2017
“Scheme”	: the share option scheme of the Company adopted on 13 May 2009 which has lapsed on 13 May 2019
“SFO”	: the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	: the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“SJM”	: Sociedade de Jogos de Macau, S.A., a joint stock company “sociedade anónima” incorporated under the laws of Macau and a subsidiary of the Company
“Special Complementary Tax”	: the dividend tax which the shareholders are obligated to pay to Macau SAR government for dividend distribution
“ST-CITS”	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
“STDM-I”	: STDM-Investment Limited, a subsidiary of STDM liquidated on 15 August 2011
“STDM-I Surety”	: a surety provided by STDM-I in favour of the Company for the due and punctual payment of certain obligations of the Company may incur
“STDM Group”	: STDM and its associates (as defined in the Listing Rules), excluding the Group

## DEFINITIONS

“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“the Reporting Period”	: the period for the six months ended 30 June 2019
“Tin Hou”	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and is a connected person of the Company
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	: Macau Pataca(s), the lawful currency of Macau
“%”	: per cent



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