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# 澳門博彩控股有限公司 SJM HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 880)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2013 (the “**Reporting Period**”).

### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Increase
	2013 HK\$ million (unaudited)	2012 HK\$ million (unaudited)	
Total Group revenue	42,453	39,258	8.1%
Gaming revenue	42,129	38,959	8.1%
Adjusted EBITDA*	4,269	3,824	11.6%
Profit attributable to owners of the Company	3,828	3,411	12.2%
Earnings per share — basic	HK69.0 cents	HK61.7 cents	11.8%
— diluted	HK68.4 cents	HK61.2 cents	11.8%
Interim dividend per ordinary share	HK20 cents	HK10 cents	100.0%

\* Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, 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 HK20 cents per ordinary share of the Company (the “Share”) for the six months ended 30 June 2013 (six months ended 30 June 2012: HK10 cents per Share). The interim dividend is expected to be paid on 18 September 2013 to shareholders of the Company whose names appear on the register of members of the Company on 6 September 2013.

## OPERATING HIGHLIGHTS

- In addition to the increases in gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company of 8.1%, 11.6% and 12.2%, respectively, from the year-earlier period, the Group’s Adjusted EBITDA Margin (Hong Kong GAAP basis) improved to 10.1% from 9.7%.
- The Group’s mass market table gaming revenue grew by 3.9%, whilst VIP gaming revenue showed an increase of 10.4% during the first half of 2013, compared with the year-earlier period. During the same period slot machine operations revenue decreased by 5.7% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“SJM”) continued to lead in market share of the Macau casino gaming market, in spite of new gaming capacity introduced by competitors, with 25.8% of mass market table gaming revenue, 26.0% of VIP gaming revenue, and overall gaming market share of 25.3%.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$25 billion as at 30 June 2013.
- The Group continued to obtain excellent performance from its flagship Casino Grand Lisboa, which increased revenue, Adjusted Property EBITDA and attributable profit by 12.6%, 2.7% and 1.4%, respectively, as compared to the year-earlier period.
- Hotel Grand Lisboa achieved average occupancy of 95.0% and average daily room rate of HK\$2,230, increases of 1.8% and 4.6% from the year-earlier period.
- In May 2013 a land concession contract was published in the official gazette of Macau, pursuant to which SJM will lease approximately 70,468 square metres of land on Cotai from the Macau Government for an initial term of 25 years. The Group intends to build and operate a casino gaming resort containing approximately 700 gaming tables and 1,000 slot machines as well as approximately 2,000 hotel rooms (subject to the obtaining of applicable licences).

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

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 HK\$ million (unaudited)	2012 HK\$ million (unaudited)
Gaming, hotel, catering and related services revenues		<u>42,452.8</u>	<u>39,258.1</u>
Gaming revenue	4	<u>42,129.1</u>	38,959.3
Special gaming tax, special levy and gaming premium		<u>(16,203.3)</u>	<u>(14,994.4)</u>
		<b>25,925.8</b>	23,964.9
Hotel, catering and related services income		<b>323.7</b>	298.8
Cost of sales and services on hotel, catering and related services		<b>(139.0)</b>	(130.9)
Other income and gains		<b>337.7</b>	199.7
Marketing and promotional expenses		<b>(18,570.6)</b>	(17,194.2)
Operating and administrative expenses		<b>(3,985.7)</b>	(3,639.9)
Finance costs	5	<b>(46.1)</b>	(55.6)
Share of losses of an associate		<b>(4.8)</b>	(7.6)
Share of profits of a joint venture		<b>2.2</b>	3.0
Profit before taxation	6	<b>3,843.2</b>	3,438.2
Taxation	7	<b>(20.5)</b>	(13.5)
Profit for the period		<b>3,822.7</b>	3,424.7
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		<b>11.3</b>	—
Total comprehensive income for the period		<u><b>3,834.0</b></u>	<u>3,424.7</u>
Profit for the period attributable to			
– owners of the Company		<b>3,827.7</b>	3,411.3
– non-controlling interests		<b>(5.0)</b>	13.4
		<u><b>3,822.7</b></u>	<u>3,424.7</u>
Total comprehensive income for the period attributable to			
– owners of the Company		<b>3,839.0</b>	3,411.3
– non-controlling interests		<b>(5.0)</b>	13.4
		<u><b>3,834.0</b></u>	<u>3,424.7</u>
Earnings per share			
– Basic	9	<u><b>HK69.0 cents</b></u>	<u>HK61.7 cents</u>
– Diluted	9	<u><b>HK68.4 cents</b></u>	<u>HK61.2 cents</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

		At 30 June 2013	At 31 December 2012
	<i>Notes</i>	<i>HK\$ million (unaudited)</i>	<i>HK\$ million (audited)</i>
Non-current assets			
Property and equipment		8,267.3	8,130.8
Land use rights		2,802.3	739.7
Intangible asset		23.7	26.9
Art works and diamonds		289.2	289.2
Interest in an associate		8.0	12.9
Interest in a joint venture		90.2	88.0
Available-for-sale investments in equity securities		491.3	480.0
Deposits made on acquisitions		112.9	1,195.0
Amount due from a fellow subsidiary		208.4	234.2
Amount due from an associate		40.8	40.8
Amount due from a joint venture		14.3	14.3
Amount due from an investee company		102.9	112.9
Pledged bank deposits		661.9	645.8
		<u>13,113.2</u>	<u>12,010.5</u>
Current assets			
Inventories		61.6	63.8
Trade and other receivables	10	1,778.2	1,706.8
Amount due from ultimate holding company		0.2	0.8
Financial assets at fair value through profit or loss		109.4	84.3
Pledged bank deposits		1.3	1.3
Short-term bank deposits		13,939.9	11,494.5
Bank balances and cash		10,024.3	11,931.8
		<u>25,914.9</u>	<u>25,283.3</u>
Current liabilities			
Trade and other payables	11	16,023.2	14,558.6
Amount due to non-controlling interests of a subsidiary		23.7	22.9
Obligations under finance leases		26.5	26.2
Taxation payable		41.9	62.4
Current portion of long-term bank loans		237.1	237.9
		<u>16,352.4</u>	<u>14,908.0</u>
Net current assets		<u>9,562.5</u>	<u>10,375.3</u>
Total assets less current liabilities		<u>22,675.7</u>	<u>22,385.8</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2013

	<b>At 30 June 2013</b>	<b>At 31 December 2012</b>
<i>Notes</i>	<b><i>HK\$ million (unaudited)</i></b>	<b><i>HK\$ million (audited)</i></b>
Non-current liabilities		
Obligations under finance leases	<b>208.4</b>	234.2
Long-term bank loans	<b>1,383.0</b>	1,490.6
Amount due to non-controlling interests of a subsidiary	<b>713.3</b>	698.3
Payable for acquisition of land use rights	<b>1,007.2</b>	—
Deferred taxation	<b>48.7</b>	48.7
	<b>3,360.6</b>	2,471.8
Net assets	<b>19,315.1</b>	19,914.0
Capital and reserves		
Share capital	<b>5,550.2</b>	5,547.8
Reserves	<b>13,734.1</b>	14,330.4
Equity attributable to owners of the Company	<b>19,284.3</b>	19,878.2
Non-controlling interests	<b>30.8</b>	35.8
Total equity	<b>19,315.1</b>	19,914.0

# Notes to the Condensed Consolidated Financial Statements

## 1. Corporate information

The Company is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its subsidiaries are principally engaged in the development and operation of casinos and related facilities in Macau Special Administrative Region, the People's Republic of China ("**Macau SAR**"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A., a company established in Macau SAR. The address of the registered office and principal place of business of the Company is Suites 3001-3006, 30th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

## 2. Basis of preparation

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

The condensed consolidated financial statements have been prepared on the historical cost basis except that certain financial instruments are measured at fair values. The principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012.

### 2.1 Application of new and revised HKFRSs

In the current interim period, the Group have applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are mandatorily effective for the current interim period.

Upon application of HKFRS 11, the management reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investment in a joint arrangement. Under HKFRS 11, the Group previously classified as a jointly controlled entity is treated as the Group's joint venture and continues to be accounted for using the equity method.

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements. The application of HKFRS 13 has no material impact on the amounts reported in these condensed consolidated financial statements but resulted in more disclosures of fair value information.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### **3. Operating segments**

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

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

For gaming operations, the chief operating decision maker (the “**CODM**”), which is a group of executive directors of the Company, regularly analyses gaming revenue in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations. The CODM reviews the revenues and operating results of gaming operations as a whole for resources allocation and performance assessment. For hotel and catering operations, the CODM regularly reviews the performance on the basis of individual hotel. For segment reporting under HKFRS 8, financial information of the Group's hotels with similar economic characteristics has been aggregated into a single operating segment named “hotel and catering operations”.

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

	Segment revenue		Segment results	
	Six months ended 30 June			
	2013 <i>HK\$ million</i> <i>(unaudited)</i>	2012 <i>HK\$ million</i> <i>(unaudited)</i>	2013 <i>HK\$ million</i> <i>(unaudited)</i>	2012 <i>HK\$ million</i> <i>(unaudited)</i>
Gaming operations	<b>42,129.1</b>	38,959.3	<b>3,777.2</b>	3,557.6
Hotel and catering operations				
– external sales	<b>323.7</b>	298.8		
– inter-segment sales	<b>151.8</b>	139.3		
	<b>475.5</b>	438.1	<b>(155.7)</b>	(164.2)
Eliminations	<b>(151.8)</b>	(139.3)		
	<b>323.7</b>	298.8		
	<b>42,452.8</b>	39,258.1		
			<b>3,621.5</b>	3,393.4
<b><i>Reconciliation from segment results to profit before taxation:</i></b>				
Unallocated corporate income			<b>248.9</b>	103.0
Unallocated corporate expenses			<b>(49.7)</b>	(64.9)
Change in fair value of financial assets				
at fair value through profit or loss			<b>25.1</b>	11.3
Share of losses of an associate			<b>(4.8)</b>	(7.6)
Share of profits of a joint venture			<b>2.2</b>	3.0
Profit before taxation			<b>3,843.2</b>	3,438.2

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

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



## 4. Gaming revenue

	Six months ended 30 June	
	2013	2012
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming revenue from		
– VIP gaming operations	29,222.7	26,469.9
– mass market table gaming operations	12,181.0	11,720.2
– slot machine and other gaming operations	725.4	769.2
	<u>42,129.1</u>	<u>38,959.3</u>

## 5. Finance costs

	Six months ended 30 June	
	2013	2012
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on		
– bank borrowings wholly repayable within five years	27.4	27.0
– finance leases repayable within five years	1.5	—
– finance leases not wholly repayable within five years	1.4	3.7
– acquisition of land use rights	8.2	—
Imputed interest on amount due to non-controlling interests of a subsidiary	15.8	24.9
	<u>54.3</u>	<u>55.6</u>
Less: Amount capitalised	(8.2)	—
	<u>46.1</u>	<u>55.6</u>

## 6. Profit before taxation

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b><i>Profit before taxation has been arrived at after charging:</i></b>		
Operating lease rentals in respect of land use rights	22.1	22.0
Amortisation of intangible assets (included in operating and administrative expenses)	3.2	3.2
Depreciation of property and equipment	573.4	549.6
Loss on disposal of property and equipment	9.2	12.7
Directors' remuneration	39.1	37.8
Staff costs excluding equity-settled share-based payments	2,498.9	2,143.9
Equity-settled share-based payments to staff	—	0.2
<b><i>and after crediting to other income and gains:</i></b>		
Interest income from		
– a fellow subsidiary	2.9	3.7
– bank deposits	143.9	166.5
– loan receivables	—	3.5
	<u>146.8</u>	<u>173.7</u>
Change in fair value of financial assets at fair value through profit or loss	25.1	11.3
Dividend income	7.6	—
Gain on disposal of available-for-sale investments	—	7.5
Gain on derivatives	148.7	—
	<u><u>148.7</u></u>	<u><u>—</u></u>

## 7. Taxation

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current period taxation	20.5	8.7
Deferred taxation	—	4.8
	<u>20.5</u>	<u>13.5</u>

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

In addition, pursuant to the approval letter dated 10 August 2012 issued by the Finance Services Bureau of the Macau SAR government, SJM's shareholders were obligated to pay a dividend tax of MOP42.3 million (equivalent to HK\$41.1 million) (the "Special Tax") for dividend distribution by SJM for each of the years from 2012 to 2016. During the six months ended 30 June 2013, the Company, as a shareholder of SJM, was obligated to pay HK\$20.5 million (six months ended 30 June 2012: HK\$8.7 million).

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

No provision for Hong Kong Profits Tax is made as the Group's profit neither arises in nor is derived from Hong Kong.

## 8. Dividends

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
2011 final dividend of HK43 cents per ordinary share paid	—	2,383.7
2011 special dividend of HK22 cents per ordinary share paid	—	1,219.6
2012 final dividend of HK50 cents per ordinary share paid	<b>2,775.1</b>	—
2012 special dividend of HK30 cents per ordinary share paid	<b>1,665.1</b>	—
	<u><b>4,440.2</b></u>	<u>3,603.3</u>

On 14 August 2013, the board of directors of the Company has resolved to declare an interim dividend of HK20 cents per ordinary share for the six months ended 30 June 2013 (six months ended 30 June 2012: HK10 cents per ordinary share).

## 9. Earnings per share

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

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b><i>Earnings</i></b>		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u><b>3,827.7</b></u>	<u>3,411.3</u>

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,548,351,177</b>	5,530,425,831
Effect of dilutive potential ordinary shares on – share options	<b>51,329,246</b>	41,845,513
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>5,599,680,423</b>	5,572,271,344
	<hr/> <hr/>	<hr/> <hr/>

## 10. Trade and other receivables

	<b>At 30 June 2013</b>	<b>At 31 December 2012</b>
	<i>HK\$ million (unaudited)</i>	<i>HK\$ million (audited)</i>
Advances to gaming promoters and patrons	<b>1,069.3</b>	1,157.6
Other receivables from gaming promoters	<b>59.9</b>	60.6
Prepayments	<b>173.1</b>	112.3
Other receivables (note)	<b>475.9</b>	376.3
	<hr/>	<hr/>
	<b>1,778.2</b>	1,706.8
	<hr/> <hr/>	<hr/> <hr/>

Note:

Other receivables mainly represent receivables in connection with the gain on derivatives, deposits paid for rentals and operating supplies, interest receivable, credit card receivables and current portion of lease receivable from a fellow subsidiary.

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

	<b>At 30 June 2013</b>	<b>At 31 December 2012</b>
	<i>HK\$ million (unaudited)</i>	<i>HK\$ million (audited)</i>
<i>Age</i>		
0 to 30 days	<b>1,058.3</b>	1,154.1
Over 90 days	<b>11.0</b>	3.5
	<hr/>	<hr/>
	<b>1,069.3</b>	1,157.6
	<hr/> <hr/>	<hr/> <hr/>

Advances to gaming promoters and patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. For advances to gaming patrons, the credit period granted to pre-approved gaming patrons with good financial track records is generally 15 days. At 30 June 2013, advances to gaming patrons of HK\$1.5 million (as at 31 December 2012: HK\$1.7 million) are neither past due nor impaired.

Advances are only granted to gaming promoters and patrons with good credit histories and financial track records. With the consent of gaming promoters, the Group can offset the advances against commission payables to or deposits from relevant gaming promoters under the gaming promoter agreements. In the event that a gaming promoter fails to repay credit granted by the Group, 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 are interest-free, unsecured and are repayable on demand at discretion of the Group.

## 11. Trade and other payables

	At 30 June 2013 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2012 <i>HK\$ million</i> <i>(audited)</i>
Trade payables	2,490.7	2,864.4
Special gaming tax payable	2,582.0	2,746.2
Chips liabilities	8,229.8	6,587.2
Payable for acquisition of property and equipment	78.6	191.7
Payable for acquisition of land use rights	304.0	—
Construction payables	205.6	118.9
Deposits received from gaming patrons and gaming promoters	1,016.6	864.7
Accrued staff costs	470.7	501.5
Rentals payables	186.7	197.3
Withholding tax payable for gaming promoters and employees	23.9	24.0
Other payables and accruals	434.6	462.7
	<u>16,023.2</u>	<u>14,558.6</u>

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

<i>Age</i>	<b>At 30 June 2013 <i>HK\$ million (unaudited)</i></b>	<b>At 31 December 2012 <i>HK\$ million (audited)</i></b>
0 to 30 days	<b>2,471.4</b>	2,833.1
31 to 60 days	<b>5.1</b>	16.9
61 to 90 days	<b>1.1</b>	1.5
Over 90 days	<b>13.1</b>	12.9
	<b><u>2,490.7</u></b>	<b><u>2,864.4</u></b>

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 paid within the credit timeframe.

## BUSINESS REVIEW

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

### GROUP OPERATING RESULTS

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2013 ("the Reporting Period") each increased from the year-earlier period:

Group operating results	For the six months ended 30 June		Increase
	2013 HK\$ million	2012 HK\$ million	
Total revenue	42,453	39,258	8.1%
Gaming revenue	42,129	38,959	8.1%
Profit attributable to owners of the Company	3,828	3,411	12.2%
Adjusted EBITDA <sup>1</sup>	4,269	3,824	11.6%
Adjusted EBITDA Margin <sup>2</sup>	10.1%	9.7%	

<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, loss on disposal of property and equipment and share-based payments.

<sup>2</sup> Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of total revenue.

During the Reporting Period, the Group's gaming revenue amounted to approximately 25.3% of total gaming revenue in Macau, compared with 27.0% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

Attributable profit and Adjusted EBITDA reflect income of approximately \$149 million receivable in connection with the Group's investment in Macau Legend Development Limited.

Attributable profit also reflects depreciation and amortisation charges of \$597 million in the Reporting Period, as compared to \$573 million in the corresponding period last year.

The Group's operating results for the six months ended 30 June 2013, as compared to the six months ended 30 June 2012, are as follows:

## OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended 30 June		Increase
	2013	2012	
Gaming revenue (HK\$ million)	<b>29,223</b>	26,470	<b>10.4%</b>
Average daily net-win per			
VIP gaming table (HK\$)	<b>244,623</b>	237,646	<b>2.9%</b>
VIP chips sales (HK\$ million)	<b>919,008</b>	889,028	<b>3.4%</b>
Average number of VIP gaming tables			
(Average of month-end numbers)	<b>660</b>	612	<b>7.8%</b>

VIP gaming operations accounted for 69.4% of the Group's total gaming revenue in the Reporting Period, as compared to 67.9% for the corresponding period last year. As at 30 June 2013, SJM had 656 VIP gaming tables in operation with 35 VIP promoters, as compared with 587 VIP gaming tables and 36 VIP promoters as at 31 December 2012.

The Group's gaming revenue from VIP gaming operations amounted to approximately 26.0% of total VIP gaming revenue in Macau, compared to 26.0% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 2.93% (Junket VIP), as compared with 2.85% in the corresponding period last year.

VIP gaming revenue includes \$2,252 million (\$1,093 million in the year earlier period) of revenue from certain high-limit gaming tables located in casino mass market areas that is classified as VIP gaming revenue due to game size. In the first half of 2013, there were 64 tables so classified from 1 January until 31 January, and 89 tables so classified from 1 February to 30 June. In the first half of 2012, there were 43 tables so classified. If revenue from these tables was not counted as VIP gaming revenue, VIP gaming revenue would have been \$26,971 million in the Reporting Period and \$25,377 million in the year earlier period, an increase of 6.3%. The average number of VIP gaming tables in operation would have been 575 for the Reporting Period, compared with 570 VIP gaming tables in the year earlier period.

Subsequent to the Reporting Period, the Group reclassified 54 of the above VIP gaming tables such that beginning 1 July 2013, there were 35 tables so classified.



## OPERATING RESULTS — MASS MARKET TABLE GAMING

Gaming revenue from mass market table gaming operations comprised 28.9% of the Group's total gaming revenue in the Reporting Period, as compared to 30.1% in the corresponding period last year. Operating results for the Reporting Period are as follows:

<b>Mass market operations</b>	<b>For the six months ended 30 June</b>		<b>Increase/ (Decrease)</b>
	<b>2013</b>	<b>2012</b>	
Gaming revenue (HK\$ million)	<b>12,181</b>	11,720	<b>3.9%</b>
Average daily net-win per mass market gaming table (HK\$)	<b>60,412</b>	55,323	<b>9.2%</b>
Average number of mass market gaming tables (Average of month-end numbers)	<b>1,114</b>	1,164	<b>(4.3)%</b>

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 25.8% of total mass market table gaming revenue in Macau, compared to 32.4% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,103 mass market gaming tables in its casinos as at 30 June 2013, as compared with 1,184 mass market gaming tables as at 31 December 2012.

As above, if \$2,252 million (\$1,093 million in the corresponding period last year) of revenue from certain high-limit gaming tables located in casino mass market areas was not classified as VIP gaming revenue, mass market gaming revenue would have been \$14,433 million in the Reporting Period and \$12,813 million in the year earlier period, an increase of 12.6%. The average number of mass market gaming tables would have been 1,199 in the Reporting Period and 1,206 in the year earlier period.

Subsequent to the Reporting Period, the Group reclassified 54 of the above VIP gaming tables such that beginning 1 July 2013, there were 35 tables so classified.

## OPERATING RESULTS — SLOT MACHINES AND OTHER GAMING OPERATIONS

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 1.7% of total gaming revenue in the Reporting Period, compared to 2.0% in the corresponding period of last year. Operating results for the Reporting Period are as follows:

Slot machine operations	For the six months ended 30 June		Increase/ (Decrease)
	2013	2012	
Gaming revenue (HK\$ million)	<b>725</b>	769	<b>(5.7)%</b>
Average daily net-win per slot machine (HK\$)	<b>1,138</b>	1,102	<b>3.3%</b>
Average number of slot machines (Average of month-end numbers)	<b>3,519</b>	3,832	<b>(8.2)%</b>

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 10.6% of total slot machine revenue in Macau, compared to 12.0% in the corresponding period last year, according to figures from DICJ.

SJM had 3,417 slot machines, operating in 14 of SJM's casinos and in one slot hall, as at 30 June 2013 as compared with 3,532 slot machines as at 31 December 2012. SJM's Treasure Hunt slot hall, comprising 123 slot machines, suspended operations on 24 May 2013.

## OPERATING RESULTS OF CASINO SEGMENTS — CASINO GRAND LISBOA

SJM's flagship Casino Grand Lisboa continued to achieve growth in revenue, Adjusted EBITDA and profit contribution in the first half of 2013, due to increased visitation and spending per visitor.

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2013	2012	
Revenue (HK\$ million)	<b>15,436</b>	13,713	<b>12.6%</b>
Profit attributable to the Group (HK\$ million)	<b>2,150</b>	2,121	<b>1.4%</b>
Adjusted Property EBITDA <sup>3</sup> (HK\$ million)	<b>2,293</b>	2,233	<b>2.7%</b>
Adjusted Property EBITDA Margin <sup>4</sup>	<b>14.9%</b>	16.3%	

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

<sup>4</sup> Adjusted Property EBITDA Margin is Adjusted Property EBITDA as a percentage of total revenue.

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

Casino Grand Lisboa	For the six months ended 30 June		Increase/ (Decrease)
	2013	2012	
<b><i>VIP operations</i></b>			
Gaming revenue (HK\$ million)	<b>12,602</b>	10,492	<b>20.1%</b>
Average daily net-win per			
VIP gaming table (HK\$)	<b>336,346</b>	436,722	<b>(23.0)%</b>
VIP chips sales (HK\$ million)	<b>397,228</b>	363,071	<b>9.4%</b>
Average number of VIP gaming tables			
(Average of month-end numbers)	<b>207</b>	132	<b>56.8%</b>
<b><i>Mass market operations</i></b>			
Gaming revenue (HK\$ million)	<b>2,601</b>	2,985	<b>(12.9)%</b>
Average daily net-win per			
mass market gaming table (HK\$)	<b>65,928</b>	71,001	<b>(7.1)%</b>
Average number of mass market gaming tables			
(Average of month-end numbers)	<b>218</b>	231	<b>(5.6)%</b>
<b><i>Slot machine operations</i></b>			
Gaming revenue (HK\$ million)	<b>233</b>	236	<b>(1.7)%</b>
Average daily net-win per slot machine (HK\$)	<b>1,775</b>	1,703	<b>4.2%</b>
Average number of slot machines			
(Average of month-end numbers)	<b>724</b>	763	<b>(5.1)%</b>

Casino Grand Lisboa's VIP gaming revenue includes \$811 million (\$73 million in the year earlier period) of revenue from certain high-limit gaming tables located in casino mass market areas that is classified as VIP gaming revenue due to game size. In the first half of 2013, there were 3 tables so classified from 1 January until 31 January, and 28 tables so classified from 1 February to 30 June. In the first half of 2012, there were 3 tables so classified. If revenue from these tables was not counted as VIP gaming revenue, VIP gaming revenue would have been \$11,791 million in the Reporting Period and \$10,419 million in the year earlier period, an increase of 13.2%, and mass market gaming revenue would have been \$3,413 million in the Reporting Period and \$3,058 million in the year earlier period, an increase of 11.6%. The average number of VIP tables would have been 183 in the Reporting Period, compared with 129 in the year earlier period, and the average number of mass market gaming tables would have been 242 in the Reporting Period, compared with 234 in the year earlier period.

Subsequent to the Reporting Period, the Group reclassified 28 of the above VIP gaming tables such that beginning 1 July 2013, there were no tables in Casino Grand Lisboa so classified.

Casino Grand Lisboa received over 7.1 million visitors during the first half of 2013, an average of over 39,000 visitors per day compared with approximately 6.4 million visitors during the first half of 2012, or over 35,000 per day.

## OPERATING RESULTS OF CASINO SEGMENTS — OTHER SELF-PROMOTED CASINOS AND SLOT HALLS

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai and, until 28 February 2013, Casino Jai Alai. The latter two casinos operate under the same license. The Group also operates one self-promoted slot hall, namely Yat Yuen Canidrome Slot Lounge, and operated Treasure Hunt Slot Lounge until 24 May 2013 (collectively, “**Other Self-promoted Casinos and Slot Halls**”). Revenue and Adjusted Property EBITDA for these operations increased mainly due to higher hold rate at Casino Lisboa during the period.

<b>Other self-promoted casinos and slot halls</b>	<b>For the six months ended 30 June</b>		<b>Increase</b>
	<b>2013</b>	<b>2012</b>	
Revenue (HK\$ million)	<b>6,175</b>	5,698	<b>8.4%</b>
Profit attributable to the Group (HK\$ million)	<b>657</b>	531	<b>23.7%</b>
Adjusted Property EBITDA (HK\$ million)	<b>761</b>	624	<b>22.0%</b>
Adjusted Property EBITDA Margin	<b>12.3%</b>	10.9%	

Operating results of other self-promoted casinos and slot halls by operating segment are as follows:

<b>Other self-promoted casinos and slot halls</b>	<b>For the six months ended 30 June</b>		<b>Increase/ (Decrease)</b>
	<b>2013</b>	<b>2012</b>	
<b><i>VIP operations</i></b>			
Gaming revenue (HK\$ million)	<b>3,682</b>	3,236	<b>13.8%</b>
Average daily net-win per			
VIP gaming table (HK\$)	<b>317,841</b>	355,579	<b>(10.6)%</b>
VIP chips sales (HK\$ million)	<b>113,872</b>	115,071	<b>(1.0)%</b>
Average number of VIP gaming tables			
(Average of month-end numbers)	<b>64</b>	50	<b>28.0%</b>
<b><i>Mass market operations</i></b>			
Gaming revenue (HK\$ million)	<b>2,263</b>	2,234	<b>1.3%</b>
Average daily net-win per			
mass market gaming table (HK\$)	<b>42,387</b>	37,999	<b>11.5%</b>
Average number of mass market gaming tables			
(Average of month-end numbers)	<b>295</b>	323	<b>(8.7)%</b>
<b><i>Slot machine operations</i></b>			
Gaming revenue (HK\$ million)	<b>230</b>	228	<b>0.7%</b>
Average daily net-win per			
slot machine (HK\$)	<b>1,240</b>	1,020	<b>21.6%</b>
Average number of slot machines			
(Average of month-end numbers)	<b>1,023</b>	1,229	<b>(16.8)%</b>

As at 30 June 2013, Casino Lisboa operated a total of 117 mass market gaming tables, 63 VIP gaming tables and 137 slot machines.

As at 30 June 2013, Casino Oceanus at Jai Alai operated a total of 174 mass market gaming tables, 1 VIP gaming tables and 572 slot machines. Casino Jai Alai, which operated 14 gaming tables and 84 slot machines has been closed for renovation since 28 February 2013.

VIP gaming revenue of other self-promoted casinos includes \$172 million (\$43 million in the year earlier period) of revenue from certain high-limit gaming tables located in casino mass market areas that is classified as VIP gaming revenue due to game size. In the first half of 2013, there were 20 tables so classified, compared with 4 tables so classified in the first half of 2012. If revenue from these tables was not counted as VIP gaming revenue, VIP gaming revenue would have been \$3,510 million in the Reporting Period and \$3,193 million in the year earlier period, an increase of 9.9%, and mass market gaming revenue would have been \$2,436 million in 2013 and \$2,277 million in the year earlier period, an increase of 7.0%. The average number of VIP tables would have been 44 in the Reporting Period, compared with 46 in the year earlier period, and the average number of mass market gaming tables would have been 315 in the Reporting Period, compared with 327 in the year earlier period.

Subsequent to the Reporting Period, the Group reclassified 15 of the above VIP gaming tables such that beginning 1 July 2013, there were 5 tables in other self-promoted casinos so classified.

## **OPERATING RESULTS OF CASINO SEGMENTS — SATELLITE CASINOS AND SLOT HALLS**

As at 30 June 2013, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Macau Jockey Club, Casino Greek Mythology, Casino Jimei, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Ponte 16 and Casino Club VIP Legend. The 14 satellite casinos comprised a total of 595 mass market gaming tables, 385 VIP gaming tables and 1,791 slot machines as at 30 June 2013.

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

<b>Satellite casinos and slot halls</b>	<b>For the six months ended 30 June</b>		<b>Increase</b>
	<b>2013</b>	<b>2012<sup>1</sup></b>	
Revenue (HK\$ million)	<b>20,518</b>	19,548	<b>5.0%</b>
Profit attributable to the Group (HK\$ million)	<b>863</b>	824	<b>4.7%</b>
Adjusted Property EBITDA (HK\$ million)	<b>864</b>	802	<b>7.8%</b>
Adjusted Property EBITDA Margin	<b>4.2%</b>	4.1%	

<sup>1</sup> Included results of one satellite slot hall Macau Jockey Club Slot Hall, closed on 22 November 2012.

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

<b>Satellite casinos and slot halls</b>	<b>For the six months ended 30 June</b>		<b>Increase/ (Decrease)</b>
	<b>2013</b>	<b>2012<sup>1</sup></b>	
<b><i>VIP operations</i></b>			
Gaming revenue (HK\$ million)	<b>12,939</b>	12,742	<b>1.5%</b>
Average daily net-win per VIP gaming table (HK\$)	<b>183,296</b>	162,443	<b>12.8%</b>
VIP chips sales (HK\$ million)	<b>407,907</b>	410,886	<b>(0.7)%</b>
Average number of VIP gaming tables (Average of month-end numbers)	<b>390</b>	431	<b>(9.5)%</b>
<b><i>Mass market operations</i></b>			
Gaming revenue (HK\$ million)	<b>7,317</b>	6,501	<b>12.5%</b>
Average daily net-win per mass market gaming table (HK\$)	<b>67,146</b>	58,560	<b>14.7%</b>
Average number of mass market gaming tables (Average of month-end numbers)	<b>602</b>	610	<b>(1.3)%</b>
<b><i>Slot machine operations</i></b>			
Gaming revenue (HK\$ million)	<b>262</b>	305	<b>(13.6)%</b>
Average daily net-win per slot machine (HK\$)	<b>819</b>	907	<b>(9.8)%</b>
Average number of slot machine (Average of month-end numbers)	<b>1,772</b>	1,840	<b>(3.7)%</b>

<sup>1</sup> Included results of Macau Jockey Club Slot Hall, closed on 22 November 2012.

VIP gaming revenue of satellite casinos includes \$1,269 million (\$977 million in the year earlier period) of revenue from certain high-limit gaming tables located in casino mass market areas that is classified as VIP gaming revenue due to game size. In the first half of 2013, there were 41 tables so classified, compared with 36 tables so classified in the year earlier period. If revenue from these tables was not classified as VIP gaming revenue, VIP gaming revenue would have been \$11,670 million in the Reporting Period and \$11,765 million in the year earlier period, a decrease of 0.8%, and mass market gaming revenue would have been \$8,586 million in 2013 and \$7,478 million in the year earlier period, an increase of 14.8%. The average number of VIP tables would have been 349 in the Reporting Period, compared with 395 in the year earlier period, and the average number of mass market gaming tables would have been 643 in the Reporting Period, compared with 646 in the year earlier period.

Subsequent to the Reporting Period, the Group reclassified 11 of the above VIP gaming tables such that beginning 1 July 2013, there were 30 tables in the satellite casinos so classified.

## NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$342 million in revenue and \$114 million in Adjusted Property EBITDA to the Group as compared with \$314 million in revenue and \$87 million in Adjusted Property EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 414 average available rooms, averaged 95.0% for the Reporting Period, as compared with 93.2% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$2,230 as compared with \$2,131 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$94 million in revenue to the Group, compared with a contribution of \$86 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 88.2% for the Reporting Period as compared with 76.3% in the corresponding period last year, and the average room rate was \$1,167 as compared with \$1,227 for the corresponding period last year.

## PROSPECTS AND RECENT DEVELOPMENTS

### MARKET ENVIRONMENT

During the first half of 2013 Macau's total gaming revenue grew by 15.3% over the corresponding period in 2012. According to figures from the Macau Government Statistics and Census Service, visitation to Macau increased by 4.2% to 14,142,240, of which visitors from the Mainland increased by 9.8% to 8,906,352, or 63.0% of the total. New capacity was added to the supply of gaming and lodging facilities by one competitor in Cotai in the first quarter of 2013.

### CURRENT AND RECENT INITIATIVES

#### *Cotai Project*

On 15 May 2013 a land concession contract was published in the official gazette of Macau, pursuant to which SJM will lease approximately 70,468 square metres of land on Cotai from the Macau Government for an initial term of 25 years, with the right to renew the lease for successive periods in accordance with applicable laws. The land concession contract permits SJM to develop on the Cotai land a complex containing a five-star hotel with total gross floor area of 521,435 square metres and with gaming areas. It also permits SJM, as a gaming concessionaire, to operate and manage gaming operations on the Cotai land. The Group has informed the Macau Government its intention to build and operate a casino gaming resort containing approximately 700 gaming tables and 1,000 slot machines as well as approximately 2,000 hotel rooms (subject to the obtaining of applicable licences from licensing authorities) (the "**Cotai Project**").

As at 30 June 2013, SJM had entered into capital commitments in connection with the Cotai Project with a total value of \$1,654 million.

Subsequent to the Reporting Period, on 10 July 2013 Cotai Magnific View-Property Development Company Limited, a subsidiary of SJM, signed an agreement with Beijing Gehua Cultural Development Group to cooperate in the creation of a "Wonderland of Art and Literature" for the Cotai Project.

### *Casino Grand Lisboa*

In the first quarter of 2013, additional VIP gaming tables were added on the third floor and on the 31st floor of Casino Grand Lisboa. With a targeted completion date of September 2013, additional space for high limit baccarat tables is being added to the premium mass market area, and further internal works are being planned that would add additional mass market and premium mass market gaming tables on the mezzanine and ground floors of the casino.

### *Jai Alai Renovation Project*

SJM suspended operations at Casino Jai Alai on 28 February 2013 and commenced work on the renovation of the Jai Alai Palace building. A subsidiary of the Company had entered into a lease agreement pursuant to which the building would be leased to the Group for the operations of Casino Jai Alai and additional facilities by the Group for three years beginning 1 January 2014. SJM plans to provide facilities at Jai Alai Palace including hotels, restaurants, department stores and others (to be operated by other service providers) to enhance the business of Casino Jai Alai and Casino Oceanus at Jai Alai.

As at 30 June 2013, SJM had entered into capital commitments in connection with the Jai Alai renovation project with a total value approximately \$600 million.

### *Investment in Macau Legend Development Limited*

Macau Legend Development Limited, of which the Group purchased 4% of the total share capital in August 2012 for HK\$480 million, was listed on the Stock Exchange of Hong Kong on 5 July 2013. Pursuant to related agreements, the Group obtained cash payments totaling approximately HK\$149 million, recognised as income in June 2013, and as at 30 June 2013 owned 209,068,781 shares of the company.

## **OUTLOOK**

The Group's performance in the second half of 2013 will remain susceptible to the overall economic performance of the surrounding region and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the mass market and VIP gaming segments while striving to improve its operating efficiency. The Group is optimistic regarding its performance for the rest of the year.



## FINANCIAL REVIEW

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

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong financial position during the Reporting Period, with bank balances and cash amounting to \$23,964 million (not including \$663 million pledged bank deposits) as at 30 June 2013. This represented an increase of 2.3% as compared with the position as at 31 December 2012 of \$23,426 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2013 amounted to \$1,620 million (as at 31 December 2012: \$1,729 million). The maturity profile of the Group's borrowings as at 30 June 2013 is set out below:

#### Maturity Profile

<i>Within 1 year</i>	<i>1–2 years</i>	<i>2–5 years</i>	<i>Total</i>
14.6%	24.6%	60.8%	100.0%

### 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 2012: zero).

### CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$2,379 million at the end of the Reporting Period (as at 31 December 2012: \$796 million), of which \$1,654 million were for the Cotai Project. As at 30 June 2013, the Group was developing the construction plan for the Cotai Project, with an estimated construction cost in excess of \$25 billion, including capital expenditure commitments to date.

Future projects such as the development of sites in Cotai will be funded by a combination of internal resources and debt financing. The exact investment plans on future projects are subject to change based upon execution of business plan, the progress of the projects, market conditions and the management's view on future business conditions.

### PLEDGE OF ASSETS

As at 30 June 2013, certain of the Group's property and equipment and land use rights with carrying values of \$1,237 million and \$80 million, respectively (as at 31 December 2012: \$1,317 million and \$82 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$663 million as at 30 June 2012 (as at 31 December 2012: \$647 million).

### CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2013, the Group had total guarantees given to banks of \$87 million (as at 31 December 2012: \$87 million), which were guarantees in respect of credit facilities granted to an associate and investee companies. The Group had no material contingent liabilities as at 30 June 2013.

## **FINANCIAL RISK**

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. Funds raised by the Group are on a floating rate basis. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. As at 30 June 2013 the equivalent of approximately \$502 million of the Group's outstanding borrowings were denominated in Chinese Yuan, of which the foreign exchange rate risk has been fully set off with a matching amount of deposits. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. Over 97% of the Group's bank deposits are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy not to engage in speculative trading activity.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **HUMAN RESOURCES**

As at 30 June 2013, the Group had approximately 21,000 full-time employees. The Group's employee turnover rate was minimal in the first half of 2013.

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

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

## **COMPARISON WITH UNITED STATES GAAP ACCOUNTING**

The Group's results are prepared in compliance with Hong Kong generally accepted accounting principles ("HK GAAP"). In comparing the Group's results to those of companies whose results are prepared under US GAAP, it should be noted that gross gaming revenues, presented under US GAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An Adjusted EBITDA would then be calculated based on these reduced net gaming revenues, resulting in a significantly higher Adjusted EBITDA Margin than that calculated under HK GAAP. If calculated under US GAAP, the Group's Adjusted EBITDA Margin would be approximately 17.7% for the Reporting Period, as compared to HK GAAP which gives an Adjusted EBITDA Margin of 10.1% for the period.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2013.

## **CORPORATE GOVERNANCE CODE**

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2013 to 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for the deviation from the following code provisions:

A.6.7: Dato' Dr. Cheng Yu Tung, a non-executive Director, who retired after the conclusion of the annual general meeting of the Company held on 31 May 2013 (the "2013 AGM"), was unable to attend the 2013 AGM due to health reasons.

E.1.2: Due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the 2013 AGM.

## **RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND**

Book close dates for interim dividend	: 4 September 2013 to 6 September 2013
Record date for interim dividend	: 6 September 2013
Expected payment date	: 18 September 2013
Latest time to lodge transfer documents with the Company's share registrar to entitle interim dividend	: 4:30 p.m. on 3 September 2013
Name and address of the Company's share registrar	: Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

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

The interim report of the Company for the six months ended 30 June 2013 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 2013 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  
**SJM HOLDINGS LIMITED**  
**So Shu Fai**

*Executive Director and Chief Executive Officer*

Hong Kong, 14 August 2013

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