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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)
(Stock Code: 880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Increase
	2013 HK\$ million	2012 HK\$ million	
Gaming Revenue	86,956	78,884	10.2%
Other Income	1,251	1,058	18.3%
Adjusted EBITDA*	8,676	7,631	13.7%
Profit attributable to owners of the Company	7,706	6,745	14.2%
Earnings per share			
– basic	HK138.8 cents	HK121.8 cents	14.0%
– diluted	HK137.5 cents	HK120.9 cents	13.7%
Dividend per ordinary share			
– proposed final dividend	HK50 cents	HK50 cents	
– proposed special dividend	HK30 cents	HK30 cents	
– interim dividend paid	HK20 cents	HK10 cents	
– total dividends for the year	<u>HK100 cents</u>	<u>HK90 cents</u>	11.1%

* 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.

PROPOSED FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends the payment of a final dividend of HK50 cents per ordinary share of the Company (the “**Share**”) (2012: HK50 cents per Share) and a special dividend of HK30 cents per Share (2012: HK30 cents per Share), for the year ended 31 December 2013, which are subject to approval at the forthcoming annual general meeting of the Company to be held on Thursday, 5 June 2014 (the “**2014 Annual General Meeting**”).

OPERATING HIGHLIGHTS

- Profit attributable to owners of the Company grew by 14.2% to a record HK\$7,706 million.
- Adjusted EBITDA of the Group grew by 13.7% to a record HK\$8,676 million.
- Gaming revenue earned by Sociedade de Jogos de Macau, S.A. (“**SJM**”), a subsidiary of the Company, grew by 10.2% to a record HK\$86,956 million.
- SJM continued to lead in market share of the Macau casino gaming market, with overall gaming market share of 24.8%.
- Casino Grand Lisboa continued to perform strongly in 2013, contributing gaming revenue of HK\$32,248 million for the year, an increase of 10.3% over the previous year, and Adjusted Property EBITDA of HK\$4,654 million, an increase of 3.9% over the previous year.
- Grand Lisboa Hotel’s occupancy rate increased by 1.4% to 96.4% for the full year, and average room rate increased by 5.0% to HK\$2,235.
- The Group maintained its strong balance sheet, with cash and bank balances totalling HK\$26,733 million as at 31 December 2013.
- On 15 May 2013 SJM agreed to lease 70,468 square metres of land on Cotai from the Macau Government for an initial term of 25 years, on which the Group intends to build and operate the Lisboa Palace 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).
- A final dividend of HK50 cents per Share and a special dividend of HK30 cents per Share have been proposed. If the proposed dividends are approved at the forthcoming annual general meeting of the Company, total dividends for 2013, including interim dividend of HK20 cents per Share paid in September 2013, would be HK100 cents per Share – an increase of 11.1% from 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK\$ million	2012 HK\$ million
Gaming, hotel, catering and related services revenues		<u>87,650.9</u>	<u>79,518.9</u>
Gaming revenue	4	<u>86,956.3</u>	78,884.1
Special gaming tax, special levy and gaming premium		<u>(33,425.2)</u>	<u>(30,353.7)</u>
		53,531.1	48,530.4
Hotel, catering and related services income		694.6	634.8
Cost of sales and services on hotel, catering and related services		(292.5)	(276.6)
Other income and gains		556.4	423.0
Marketing and promotional expenses		(38,459.1)	(34,757.4)
Operating and administrative expenses		(8,178.1)	(7,603.5)
Finance costs	5	(89.5)	(115.6)
Share of profits (losses) of an associate		6.2	(16.0)
Share of profits of a joint venture		5.8	7.5
Profit before taxation	6	7,774.9	6,826.6
Taxation	7	(52.5)	(74.9)
Profit for the year		7,722.4	6,751.7
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		1,223.9	–
Total comprehensive income for the year		<u>8,946.3</u>	<u>6,751.7</u>
Profit for the year attributable to			
– owners of the Company		7,706.0	6,745.4
– non-controlling interests		16.4	6.3
		<u>7,722.4</u>	<u>6,751.7</u>
Total comprehensive income for the year attributable to			
– owners of the Company		8,929.9	6,745.4
– non-controlling interests		16.4	6.3
		<u>8,946.3</u>	<u>6,751.7</u>
Earnings per share			
– Basic	9	<u>HK138.8 cents</u>	<u>HK121.8 cents</u>
– Diluted	9	<u>HK137.5 cents</u>	<u>HK120.9 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	<i>Notes</i>	2013 HK\$ million	2012 HK\$ million
Non-current assets			
Property and equipment		8,325.3	8,130.8
Land use rights		2,771.0	739.7
Intangible asset		20.5	26.9
Art works and diamonds		289.2	289.2
Interest in an associate		19.1	12.9
Interest in a joint venture		93.8	88.0
Available-for-sale investments in equity securities		1,703.9	480.0
Deposits made on acquisitions		426.7	1,195.0
Amount due from a fellow subsidiary		63.7	234.2
Amount due from an associate		88.4	40.8
Amount due from a joint venture		14.3	14.3
Amount due from an investee company		93.0	112.9
Pledged bank deposits		633.7	645.8
		14,542.6	12,010.5
Current assets			
Inventories		62.4	63.8
Trade and other receivables	<i>10</i>	1,509.5	1,706.8
Amount due from ultimate holding company		3.4	0.8
Financial assets at fair value through profit or loss		151.3	84.3
Pledged bank deposits		43.7	1.3
Short-term bank deposits		14,910.2	11,494.5
Bank balances and cash		11,145.4	11,931.8
		27,825.9	25,283.3
Current liabilities			
Trade and other payables	<i>11</i>	15,318.9	14,558.6
Payable for acquisition of land use rights		311.5	–
Amount due to non-controlling interests of a subsidiary		22.9	22.9
Obligations under finance leases		9.3	26.2
Taxation payable		41.1	62.4
Current portion of long-term bank loans		318.3	237.9
		16,022.0	14,908.0
Net current assets		11,803.9	10,375.3
Total assets less current liabilities		26,346.5	22,385.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2013

	<i>Notes</i>	2013 HK\$ million	2012 HK\$ million
Non-current liabilities			
Obligations under finance leases		63.7	234.2
Long-term bank loans		1,191.2	1,490.6
Amount due to non-controlling interests of a subsidiary		705.8	698.3
Payable for acquisition of land use rights		849.6	–
Deferred taxation		81.0	48.7
		<u>2,891.3</u>	<u>2,471.8</u>
Net assets		<u>23,455.2</u>	<u>19,914.0</u>
Capital and reserves			
Share capital		5,553.5	5,547.8
Reserves		17,849.6	14,330.4
Equity attributable to owners of the Company		23,403.1	19,878.2
Non-controlling interests		52.1	35.8
Total equity		<u>23,455.2</u>	<u>19,914.0</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values. The consolidated financial statements have also been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

2.1 Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2012)	Employee benefits
HKAS 27 (as revised in 2012)	Separate financial statements
HKAS 28 (as revised in 2012)	Investments in associates and joint ventures
HK(IFRIC*) – INT 20	Stripping costs in the production phase of a surface mine

* IFRIC represents the IFRS Interpretations Committee.

2. BASIS OF PREPARATION (Continued)

2.2 New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKAS 19	Defined benefit plans: Employee contributions ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
HKFRS 9	Financial instruments ³
HKFRS 14	Regulatory deferral accounts ⁵
HK(IFRIC*) – INT 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

* IFRIC represents the IFRS Interpretations Committee.

The management of the Company anticipates that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company.

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 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”.

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	2013 HK\$ million	2012 HK\$ million	2013 HK\$ million	2012 HK\$ million
Gaming operations	<u>86,956.3</u>	<u>78,884.1</u>	7,734.5	7,083.3
Hotel and catering operations				
– external sales	<u>694.6</u>	<u>634.8</u>		
– inter-segment sales	<u>300.9</u>	<u>284.4</u>		
	995.5	919.2	(273.9)	(360.1)
Eliminations	<u>(300.9)</u>	<u>(284.4)</u>		
	<u>694.6</u>	<u>634.8</u>		
	<u>87,650.9</u>	<u>79,518.9</u>		
			7,460.6	6,723.2
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate income			192.4	194.7
Unallocated corporate expenses			(105.8)	(118.2)
Gain on derivatives arising from available-for-sale investments in equity securities			148.7	–
Change in fair value of financial assets at fair value through profit or loss			67.0	35.4
Share of profits (losses) of an associate			6.2	(16.0)
Share of profits of a joint venture			5.8	7.5
Profit before taxation			<u>7,774.9</u>	<u>6,826.6</u>

3. OPERATING SEGMENTS (Continued)

Segment results represent the profit earned by each segment without allocation of corporate income and expenses, certain other income, gain on derivatives arising from available-for-sale investments in equity securities, change in fair value of financial assets at fair value through profit or loss, share of results of an associate/a joint venture and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

(b) An analysis of the Group's financial position by operating segments is as follows:

	2013 HK\$ million	2012 HK\$ million
<i>Assets</i>		
Segment assets		
– gaming operations	19,404.3	21,535.5
– hotel and catering operations	<u>6,364.1</u>	<u>6,816.8</u>
	25,768.4	28,352.3
Interest in an associate	19.1	12.9
Interest in a joint venture	93.8	88.0
Unallocated bank deposits, bank balances and cash	11,197.2	7,297.9
Other unallocated assets	<u>5,290.0</u>	<u>1,542.7</u>
Group's total	<u><u>42,368.5</u></u>	<u><u>37,293.8</u></u>
<i>Liabilities</i>		
Bank loans		
– gaming operations	668.4	934.6
– hotel and catering operations	<u>841.1</u>	<u>793.9</u>
	1,509.5	1,728.5
Other segment liabilities		
– gaming operations	15,081.2	14,395.9
– hotel and catering operations	<u>304.9</u>	<u>238.1</u>
	15,386.1	14,634.0
Total segment liabilities	16,895.6	16,362.5
Unallocated liabilities	<u>2,017.7</u>	<u>1,017.3</u>
Group's total	<u><u>18,913.3</u></u>	<u><u>17,379.8</u></u>

3. OPERATING SEGMENTS (Continued)

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

- (i) other unallocated assets include mainly certain land use rights, certain property and equipment, available-for-sale investments in equity securities, amounts due from a fellow subsidiary/an associate/a joint venture/an investee company, art works and diamonds and financial assets at fair value through profit or loss.
- (ii) unallocated liabilities include mainly amount due to non-controlling interests of a subsidiary and obligations under finance leases.
- (iii) all assets are allocated to operating segments, other than interests in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in (i).
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments.

(c) Other segment information of the Group

	2013	2012
	HK\$ million	HK\$ million
Additions to non-current assets (other than financial instruments)		
– gaming operations	930.1	582.0
– hotel and catering operations	17.8	45.4
– corporate level*	2,866.2	978.6
	3,814.1	1,606.0
Depreciation and amortisation		
– gaming operations	654.1	613.5
– hotel and catering operations	485.9	508.6
– corporate level	3.5	3.2
	1,143.5	1,125.3
Loss on disposal and write-off of property and equipment		
– gaming operations	13.3	19.0
– hotel and catering operations	2.7	12.9
	16.0	31.9

* Amount in 2013 included certain land use rights, and property and equipment where the directors of the Company consider it is impracticable to divide into individual segment at this stage due to preliminary stage of the relevant project.

3. OPERATING SEGMENTS (Continued)

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

	2013 HK\$ million	2012 HK\$ million
Share-based payments		
– gaming operations	95.2	0.2
– corporate level	4.6	–
	<u>99.8</u>	<u>0.2</u>
Finance costs		
– gaming operations	23.6	30.6
– hotel and catering operations	29.8	38.0
– corporate level	36.1	47.0
	<u>89.5</u>	<u>115.6</u>
Interest income		
– gaming operations	107.6	166.2
– hotel and catering operations	19.5	10.6
– corporate level	177.7	177.1
	<u>304.8</u>	<u>353.9</u>

All revenues during each of the reporting periods are derived from customers in Macau SAR and almost all of the non-current assets, other than financial instruments, of the Group are located in Macau SAR. None of the customers of the Group contributed more than 10% of the total revenues during each of the reporting periods.

4. GAMING REVENUE

	2013 HK\$ million	2012 HK\$ million
Gaming revenue from		
– VIP gaming operations	58,306.4	53,281.5
– mass market table gaming operations	27,255.9	24,104.0
– slot machine and other gaming operations	1,394.0	1,498.6
	<u>86,956.3</u>	<u>78,884.1</u>

5. FINANCE COSTS

	2013 HK\$ million	2012 HK\$ million
Interest on		
– bank borrowings wholly repayable within five years	53.4	68.6
– finance leases repayable within five years	4.2	2.8
– finance leases not wholly repayable within five years	–	4.1
– acquisition of land use rights	40.0	–
Imputed interest on amount due to non-controlling interests of a subsidiary	31.9	40.1
	<u>129.5</u>	115.6
Less: Amount capitalised in land use rights	(40.0)	–
	<u>89.5</u>	<u>115.6</u>

6. PROFIT BEFORE TAXATION

	2013 HK\$ million	2012 HK\$ million
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration		
– fees, salaries, bonus and other benefits	79.9	81.8
– share-based payments	6.1	–
	<u>86.0</u>	81.8
Retirement benefits scheme contributions for other staff	92.4	85.6
Less: Forfeited contributions	(18.4)	(21.2)
	<u>74.0</u>	64.4
Share-based payments to other staff	89.2	0.2
Other staff costs	5,126.3	4,534.1
	<u>5,215.5</u>	4,534.3
	<u>5,375.5</u>	4,680.5
Auditor's remuneration		
– audit services	8.3	8.3
– non-audit services	4.5	5.3
	<u>12.8</u>	13.6

6. PROFIT BEFORE TAXATION (Continued)

	2013 HK\$ million	2012 HK\$ million
Operating lease rentals in respect of		
– land use rights	44.0	44.0
– rented premises	334.7	363.2
	<u>378.7</u>	<u>407.2</u>
Allowance for doubtful debts	–	3.9
Amortisation of intangible asset (included in operating and administrative expenses)	6.4	6.3
Depreciation of property and equipment	1,137.1	1,119.0
Loss on disposal and write-off of property and equipment	16.0	31.9
Share-based payments to other participants (included in operating and administrative expenses)	4.5	–
<i>and after crediting to other income and gains:</i>		
Dividend income	13.3	9.9
Gain on fair value changes on financial assets at fair value through profit or loss	67.0	35.4
Gain on disposal of available-for-sale investments	–	7.5
Gain on derivatives arising from available-for-sale investments in equity securities	148.7	–
Interest income from		
– a fellow subsidiary	4.2	6.9
– bank deposits	300.6	343.4
– loan receivables	–	3.6
	<u>304.8</u>	<u>353.9</u>

7. TAXATION

	2013 HK\$ million	2012 HK\$ million
Current year taxation	41.1	41.1
Underprovision in prior years	0.4	–
	<u>41.5</u>	<u>41.1</u>
Reversal of tax provision made in prior years	(21.3)	–
	<u>20.2</u>	<u>41.1</u>
Deferred taxation	32.3	33.8
	<u>52.5</u>	<u>74.9</u>

7. TAXATION (Continued)

No provision for Macau SAR Complementary Tax (“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 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 letters 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) for dividend distribution by SJM (the “Special Tax”) for each of the years from 2012 to 2016. During the year, the Company, as a shareholder of SJM, was obligated to pay HK\$41.1 million (2012: HK\$41.1 million).

Pursuant to the CT law, the CT assessment on the estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment. At the end of the reporting period, the directors of the Company reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$21.3 million for the 2006 year of assessment accordingly.

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

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

8. DIVIDENDS

	2013	2012
	HK\$ million	HK\$ million
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 interim dividend of HK10 cents per ordinary share paid	–	554.6
2012 final dividend of HK50 cents per ordinary share paid	2,775.1	–
2012 special dividend of HK30 cents per ordinary share paid	1,665.1	–
2013 interim dividend of HK20 cents per ordinary share paid	1,110.6	–
	<u>5,550.8</u>	<u>4,157.9</u>

The final dividend of HK50 cents per ordinary share and a special dividend of HK30 cents per ordinary share, totalling HK\$4,443.1 million, is proposed by the directors of the Company at a board meeting held on 26 February 2014, which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting and is calculated on the basis of 5,553,829,293 ordinary shares in issue at the date of this report.

9. EARNINGS PER SHARE

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

	2013 HK\$ million	2012 HK\$ million
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>7,706.0</u>	<u>6,745.4</u>
	2013	2012
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,550,417,186	5,538,603,924
Effect of dilutive potential ordinary shares on share options	<u>54,149,087</u>	<u>39,918,931</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,604,566,273</u>	<u>5,578,522,855</u>

10. TRADE AND OTHER RECEIVABLES

	2013 HK\$ million	2012 HK\$ million
Advances to gaming promoters and patrons	977.0	1,157.6
Other receivables from gaming promoters	41.0	60.6
Prepayments	127.9	112.3
Other receivables (<i>Note</i>)	<u>363.6</u>	<u>376.3</u>
	<u>1,509.5</u>	<u>1,706.8</u>

Note: Other receivables mainly include deposits paid for rentals and operating supplies, interest receivable, credit card receivables and current portion of lease receivable from a fellow subsidiary.

10. TRADE AND OTHER RECEIVABLES (Continued)

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:

	2013 HK\$ million	2012 HK\$ million
Age		
0 to 30 days	973.5	1,154.1
Over 90 days	<u>3.5</u>	<u>3.5</u>
	<u>977.0</u>	<u>1,157.6</u>

Advances to gaming promoters and patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. For advances to gaming patrons, the credit period granted to pre-approved gaming patrons with good financial track records is generally 15 days. As at 31 December 2013, all of the advances to gaming promoters and patrons were neither past due nor impaired.

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

Other receivables from gaming promoters are interest-free, unsecured and repayable on demand at discretion of the Group.

Movement in the allowance for doubtful debts

	2013 HK\$ million	2012 HK\$ million
At 1 January	87.1	88.1
Write-off	–	(4.9)
Allowance for doubtful debts	–	4.2
Amounts recovered during the year	<u>–</u>	<u>(0.3)</u>
At 31 December	<u>87.1</u>	<u>87.1</u>

10. TRADE AND OTHER RECEIVABLES (Continued)

Allowance for doubtful debts with an aggregate balance of HK\$87.1 million (2012: HK\$87.1 million) mainly represent individually impaired receivables from gaming promoters as the management considered the outstanding balances from these gaming promoters were uncollectible.

11. TRADE AND OTHER PAYABLES

	2013 HK\$ million	2012 HK\$ million
Trade payables	2,855.1	2,864.4
Special gaming tax payable	2,962.7	2,746.2
Chips liabilities	7,551.8	6,587.2
Payable for acquisition of property and equipment	63.8	191.7
Construction payables	216.3	118.9
Deposits received from gaming patrons and gaming promoters	352.6	864.7
Accrued staff costs	632.9	501.5
Rentals payables	222.4	197.3
Withholding tax payable for gaming promoters and employees	27.4	24.0
Other payables and accruals	433.9	462.7
	<u>15,318.9</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:

	2013 HK\$ million	2012 HK\$ million
Age		
0 to 30 days	2,816.1	2,833.1
31 to 60 days	25.1	16.9
61 to 90 days	0.9	1.5
Over 90 days	13.0	12.9
	<u>2,855.1</u>	<u>2,864.4</u>

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

BUSINESS REVIEW

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

Group Operating Results

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2013 each increased substantially from last year:

Group operating results	For the year ended 31 December		Increase
	2013 HK\$ million	2012 HK\$ million	
Total revenue	87,651	79,519	10.2%
Gaming revenue	86,956	78,884	10.2%
Profit attributable to owners of the Company	7,706	6,745	14.2%
Adjusted EBITDA ¹	8,676	7,631	13.7%
Adjusted EBITDA Margin ²	9.9%	9.6%	

¹ 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.

² Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of total revenue.

Growth in gaming revenue in 2013 included increases in mass market table gaming revenue of 13.1% and in VIP gaming revenue of 9.4%, which reflected increased visitation to Macau from the China Mainland as well as increased spending per visitor. During 2013, the Group accounted for 24.8% of Macau's record casino gaming revenue of \$350,241 million, the largest market share among the six concessionaires and subconcessionaires. The Group's overall market share declined from 26.7% for the full year 2012 due primarily to increased competition from new casino and hotel capacity on Cotai.

Besides growth of gaming revenue, other factors that contributed to higher Adjusted EBITDA in the year were improved operating results at Ponte 16 and Grand Lisboa Hotel. The Group's Adjusted EBITDA Margin for the year was 9.9%, an increase from 9.6% in 2012. If calculated under United States generally accepted accounting principles ("US GAAP"), the Group's Adjusted EBITDA Margin would be 17.5% for 2013, as compared with 16.9% in 2012 (See "Comparison with United States GAAP Accounting" below).

Net profit for the year 2013 was affected by deductions of share-based payments of \$99.8 million, as compared with \$0.2 million in the previous year. Depreciation in 2013 was \$1,137 million compared with \$1,119 million in 2012, and interest expense was \$90 million, compared with \$116 million.

Operating Results – VIP Gaming

VIP operations	For the year ended 31 December		Increase
	2013	2012	
Gaming revenue (HK\$ million)	58,306	53,282	9.4%
Average daily net-win per VIP gaming table (HK\$)	257,651	240,625	7.1%
VIP chips sales (HK\$ million)	1,963,352	1,757,756	11.7%
Average number of VIP gaming tables (Average of month-end numbers)	620	605	2.5%

VIP gaming operations accounted for 67.1% of the Group's total gaming revenue in 2013, as compared with 67.5% for the previous year. As at 31 December 2013, SJM had 574 VIP gaming tables in operation with 38 VIP promoters, as compared with 587 VIP gaming tables and 36 VIP promoters as at 31 December 2012. As at 31 December 2013, SJM operated VIP gaming in 13 of its casinos.

The hold rate for SJM's VIP operations decreased in 2013 to 2.85% from 2.91% in 2012.

Operating Results – Mass Market Table Gaming

Mass market operations	For the year ended 31 December		Increase/ (Decrease)
	2013	2012	
Gaming revenue (HK\$ million)	27,256	24,104	13.1%
Average daily net-win per mass market gaming table (HK\$)	64,653	56,579	14.3%
Average number of mass market gaming tables (Average of month-end numbers)	1,155	1,164	(0.8)%

Gaming revenue from mass market table gaming operations comprised 31.3% of the Group's total gaming revenue in 2013, as compared with 30.6% in 2012. SJM had 1,210 mass market gaming tables in operation as at 31 December 2013, as compared with 1,184 mass market gaming tables as at 31 December 2012.

Increased mass market table gaming revenue of 13.1% resulted from increased visitation to Macau from the Mainland and the Asian region as well as increased spending per visitor.

Operating Results – Slot Machines and Other Gaming Operations

Slot machine operations	For the year ended 31 December		Increase/ (Decrease)
	2013	2012	
Gaming revenue (HK\$ million)	1,394	1,499	(7.0)%
Average daily net-win per slot machine (HK\$)	1,153	1,083	6.5%
Average number of slot machines (Average of month-end numbers)	3,308	3,776	(12.4)%

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 1.6% of the Group's total gaming revenue in 2013, as compared with 1.9% in 2012. SJM had 2,880 slot machines in service as at 31 December 2013 as compared with 3,532 slot machines as at 31 December 2012.

As at 31 December 2013, SJM operated slot machines in 14 of its casinos. SJM's Treasure Hunt Slot Lounge, comprising 118 slot machines, suspended operations on 24 May 2013 and SJM's Yat Yuen Canidrome Slot Lounge, comprising 233 slot machines, suspended operations on 25 November 2013.

Operating Results of Casino Segments – Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa achieved significant growth in revenue during the year. Visitation to Grand Lisboa grew from an average of 38,151 visitors per day in the first quarter, to an average of 40,703 visitors per day in the fourth quarter. Narrowing of the Adjusted Property EBITDA Margin resulted from the higher percentage of VIP gaming revenue as compared to mass market gaming revenue.

Casino Grand Lisboa	For the year ended 31 December		Increase
	2013	2012	
Revenue (HK\$ million)	32,248	29,233	10.3%
Profit attributable to the Group (HK\$ million)	4,322	4,223	2.3%
Adjusted Property EBITDA ³ (HK\$ million)	4,654	4,481	3.9%
Adjusted Property EBITDA Margin ⁴	14.4%	15.3%	

³ Adjusted Property EBITDA is earnings after adjustment for non-controlling interest 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.

⁴ Adjusted Property EBITDA Margin is Adjusted Property EBITDA as a percentage of revenue.

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

Casino Grand Lisboa	For the year ended 31 December		Increase/ (Decrease)
	2013	2012	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	25,795	22,714	13.6%
Average daily net-win per VIP gaming table (HK\$)	360,563	413,738	(12.9)%
VIP chips sales (HK\$ million)	871,904	762,016	14.4%
Average number of VIP gaming tables (Average of month-end numbers)	196	150	30.7%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,996	6,073	(1.3)%
Average daily net-win per mass market gaming table (HK\$)	70,502	71,218	(1.0)%
Average number of mass market gaming tables (Average of month-end numbers)	233	233	0.0%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	457	446	2.6%
Average daily net-win per slot machine (HK\$)	1,764	1,639	7.6%
Average number of slot machines (Average of month-end numbers)	710	743	(4.4)%

During 2013 Casino Grand Lisboa expanded its gaming operations from 240 mass market tables and 175 VIP tables as at 1 January 2013 to 250 mass market and 181 VIP tables as at 31 December 2013. Expansion during the year included construction on the main gaming floor to permit the addition of five additional high-limit baccarat tables and a players' lounge, to serve premium mass market customers, from September 2013.

If calculated under US GAAP, the Adjusted Property EBITDA Margin of Casino Grand Lisboa would be approximately 24.5% for 2013, as compared with 25.8% in 2012 (See "Comparison with United States GAAP Accounting" below).

During 2013, Casino Grand Lisboa attracted a total of over 14.5 million visitors, an average of 39,767 visitors per day, an increase of 6.8% over the previous year. To continue attracting gaming patrons, Casino Grand Lisboa frequently launches special promotions, such as "Golden Touch", "Hourly Rewards" and "Treasure Express". Jackpots are paid frequently, with the total exceeding \$139 million for slot machines and over \$56 million for table games (Caribbean Stud Poker) in 2013. During the year, the number of active members of the Casino Grand Lisboa loyalty card programme increased by over 328,915 to 805,455.

As at 31 December 2013, Casino Grand Lisboa operated a total of 699 slot machines.

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. During 2013 the Group also operated two self-promoted slot halls: Yat Yuen Canidrome Slot Lounge (suspended on 25 November 2013) and Treasure Hunt Slot Lounge (suspended on 24 May 2013) (collectively, “Other Self-promoted Casinos and Slot Halls”).

Other self-promoted casinos and slot halls	For the year ended 31 December		Increase
	2013	2012	
Revenue (HK\$ million)	12,450	11,084	12.3%
Profit attributable to the Group (HK\$ million)	1,386	1,000	38.6%
Adjusted EBITDA (HK\$ million)	1,598	1,189	34.4%
Adjusted EBITDA Margin	12.8%	10.7%	

Adjusted Property EBITDA Margin for these operations increased mainly due to a comparatively smaller proportion of VIP gaming revenue at Casino Lisboa during the year, and an increase in revenue per table at Casino Oceanus at Jai Alai. Operating results of other self-promoted casinos and slot halls by operating segment are as follows:

Other self-promoted casinos and slot halls	For the year ended 31 December		Increase/ (Decrease)
	2013	2012	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	7,191	6,117	17.5%
Average daily net-win per VIP gaming table (HK\$)	364,817	341,098	7.0%
VIP chips sales (HK\$ million)	248,153	214,052	15.9%
Average number of VIP gaming tables (Average of month-end numbers)	54	49	10.2%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	4,830	4,497	7.4%
Average daily net-win per mass market gaming table (HK\$)	43,671	38,275	14.1%
Average number of mass market gaming tables (Average of month-end numbers)	303	321	(5.6)%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	429	470	(8.6)%
Average daily net-win per slot machine (HK\$)	1,257	1,044	20.5%
Average number of slot machines (Average of month-end numbers)	932	1,226	(24.0)%

As at 31 December 2013, Casino Lisboa operated a total of 44 VIP gaming tables, 132 mass market gaming tables and 142 slot machines.

As at 31 December 2013, Casino Oceanus at Jai Alai operated a total of 177 mass market gaming tables and 558 slot machines.

Operating Results of Casino Segments – Satellite Casinos and Slot Hall

As at 31 December 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 Grandview, 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.

Twelve of SJM's satellite casinos are located on the Macau Peninsula whilst two satellite casinos are located on the island of Taipa, comprising a total of 349 VIP gaming tables, 651 mass market gaming tables and 1,481 slot machines, as at 31 December 2013.

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

	For the year ended 31 December		
Satellite casinos and slot hall	2013	2012	Increase
Revenue (HK\$ million)	42,259	38,567	9.6%
Profit attributable to the Group (HK\$ million)	1,800	1,635	10.1%
Adjusted EBITDA (HK\$ million)	1,803	1,590	13.4%
Adjusted EBITDA Margin	4.3%	4.1%	

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

Satellite casinos and slot hall	For the year ended 31 December		Increase/ (Decrease)
	2013	2012	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	25,321	24,450	3.6%
Average daily net-win per VIP gaming table (HK\$)	187,495	164,541	14.0%
VIP chips sales (HK\$ million)	843,294	781,687	7.9%
Average number of VIP gaming tables (Average of month-end numbers)	370	406	(8.9)%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	16,430	13,534	21.4%
Average daily net-win per mass market gaming table (HK\$)	72,721	60,619	20.0%
Average number of mass market gaming tables (Average of month-end numbers)	619	610	1.5%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	508	583	(12.9)%
Average daily net-win per slot machine (HK\$)	835	882	(5.3)%
Average number of slot machines (Average of month-end numbers)	1,666	1,807	(7.8)%

Non-gaming Operations

For the year ended 31 December 2013, the Grand Lisboa Hotel contributed \$710 million in revenue and \$244 million in Adjusted Property EBITDA to the Group as compared with \$660 million in revenue and \$205 million in Adjusted Property EBITDA for the previous year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 96.4% for the full year, as compared with 95.0% for the previous year, and the average room rate for the full year 2013 was approximately \$2,235 as compared with \$2,129 in 2012.

Food and beverage units at the Grand Lisboa Hotel continued to earn international recognition. Among numerous awards, French restaurant Robuchon au Dôme and Cantonese restaurant The Eight were the only restaurants in Macau to receive three stars in the 2014 Michelin Guide. Modern steakhouse The Kitchen was also awarded one star, while the Noodles and Congee Corner was awarded a “Bib Gourmand” by Michelin for good value in top quality cuisine. The Miele Guide selected Robuchon au Dôme as No. 1 in Asia, and the wine cellars of Robuchon au Dôme and Don Alfonso 1890 received the Grand Award from Wine Spectator.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, improved during 2013 and contributed \$204 million in revenue to the Group, compared with a contribution of \$184 million in 2012. The occupancy rate of the 408-room hotel averaged 90.7% for the full year 2013 as compared with 80.8% in 2012, whilst average room rate decreased by 0.6% to \$1,203. The Sofitel at Ponte 16 received numerous travel industry awards in 2013, in both business and luxury categories.

Income from all hotel, catering and related services, after inter-company elimination, totaled \$695 million in 2013, an increase of 9.4% from \$635 million in 2012, due primarily to increased hotel room occupancy. Other income, primarily interest earned on bank deposits, finance leases interest received and dividend income from investment in financial assets at fair value, increased to \$556 million from \$423 million during the year.

PROSPECTS AND RECENT DEVELOPMENTS

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

Business Model and Key Strategies

Our strategic objective is sustainable long-term growth in shareholder value. As a leading operator, owner and developer of casinos and related businesses in Macau, our key strategies for delivering this objective are as follows:

- We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by government regulation.
- We will continue to improve and enhance the efficiency of our existing properties in both the mass market and VIP segments of the gaming business.
- We will remain focused principally on Macau, while selectively considering opportunities for future expansion in the Asian region.
- We will maintain a strong financial position, with a view to long-term growth.

Market Environment

Growth of Macau's total gaming revenue by 18.6% in 2013 reflected the strength and financial liquidity of the regional economy, as well as Macau's growing appeal as a holiday destination particularly for visitors from the Mainland.

Whilst visitation to Macau increased by 4.4% to 29.3 million in 2013, according to the Macau Government Statistics and Census Service, visitors from the Mainland increased by 10.2% to 18.6 million, and visitors from the Mainland traveling under the Individual Visa Scheme increased by 13.0% to 8.1 million. During the Lunar New Year period of 31 January–6 February 2014, visitation achieved a record level, with the Macau government reporting 1,054,183 visitor arrivals, an increase of 13% over the previous Lunar New Year holiday period, with visitors from the Mainland increasing by 23% during this period.

The Group expects that its future prospects are excellent, given continued robust growth of visitation and spending in Macau, infrastructure developments that improve access to Macau, the general prosperity of the Asian region, the Group's strategically located network of casinos and its strong balance sheet.

Current and Recent Initiatives

In pursuit of the Group's strategy of growing its business through expansion of casino and casino-related operations in Macau and improvement in the operating efficiency of existing business units, the Group has been and is progressing on a number of initiatives in 2013 and 2014, which are described below.

Lisboa Palace

On 13 February 2014 construction work began on the Lisboa Palace, SJM's future integrated resort on Cotai, expected to be completed in 2017. The land concession contract, pursuant to which SJM leases 70,468 square metres of land from the Macau Government for an initial term of 25 years, had been published in the official gazette of Macau on 15 May 2013. SJM is developing on the site a complex with total gross floor area of 521,435 square metres plus 77,158 square metres parking area, that will encompass three hotels with a total of approximately 2,000 rooms, facilities for shopping, dining and entertainment, and a casino with approximately 700 tables and 1,000 slot machines (subject to the obtaining of applicable licences), at an estimated construction cost of approximately \$30 billion.

On 10 July 2013, 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 Lisboa Palace project, and on 15 July 2013, SJM signed an agreement with Gianni Versace S.p.A. to open a hotel bearing the trademark "Palazzo Versace" as part of the Lisboa Palace project.

Casino Grand Lisboa

In September 2013, additional space for high-limit baccarat tables was added to the premium mass market area, and a further area for premium mass market gaming called the Tycoon Club with 12 high-limit baccarat tables and 38 high-limit slot machines opened in the first quarter of 2014. Work is planned for completion in mid-2014 to add more mass market and VIP gaming tables on the mezzanine floor of the casino.

Jai Alai Renovation

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 expects to reopen the building in the fourth quarter of 2014, with new facilities including a hotel with approximately 130 rooms, restaurants and retail shops (to be operated by other service providers) that will enhance the business of the reopened Casino Jai Alai and Casino Oceanus at Jai Alai.

As at 31 December 2013, SJM had entered into capital commitments in connection with the Jai Alai Palace renovation project with a total value approximately \$752 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 \$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 \$149 million, recognised as income in June 2013, and as at 31 December 2013 owned 209,068,781 shares of the company.

Joint Venture with eGame Group

On 6 February 2014 the Group announced that a subsidiary of the Company had entered into a joint venture agreement with the eGame Group, a provider of integrated technology and management services for national lotteries, to establish companies to operate national lotteries in each of five different countries, with an initial commitment of US\$20 million.

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 \$26,056 million (not including \$677 million pledged bank deposits) as at 31 December 2013. This represented an increase of 11.2% as compared with the position as at 31 December 2012 of \$23,426 million. The increase was mainly attributable to the increase in EBITDA and working capital throughout the year.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2013 amounted to \$1,510 million (as at 31 December 2012: \$1,729 million). The maturity of the Group's borrowings as at 31 December 2013 is as follows:

Within 1 year	1–2 years	Maturity Profile		Total
		2–5 years	Over 5 years	
21%	27%	52%	0%	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 2013 (as at 31 December 2012: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$29.1 billion as at 31 December 2013 (as at 31 December 2012: \$796 million), of which \$28,014 million were for the Lisboa Palace project. As at 31 December 2013, the Group was developing the construction plan for the Lisboa Palace, with an estimated construction cost of approximately \$30 billion, including capital expenditure commitments to date.

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

Pledge of Assets

As at 31 December 2013, certain of the Group's property and equipment and land use rights with carrying values of \$1,160 million and \$77 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 \$677 million as at 31 December 2013, as compared with \$647 million as at 31 December 2012.

Contingent Liabilities and Guarantees

As at 31 December 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 an investee company. The Group had no significant contingent liabilities as at 31 December 2013.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. As at 31 December 2013, the equivalent of approximately \$499 million of the Group's outstanding borrowings were denominated in Chinese Yuan, of which the foreign exchange risk has been fully set off with a matching amount of deposits. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. Over 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 to avoid speculative trading activity.

Material Acquisitions and Disposals

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the year ended 31 December 2013.

Human Resources

As at 31 December 2013, the Group had approximately 21,400 full-time employees. The Group's employee turnover rate was minimal in 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 17.5% for the year ended 31 December 2013, as compared with HK GAAP which gives an Adjusted EBITDA Margin of 9.9% for the same period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures and its management team has strived to uphold the highest standards of corporate governance and transparency.

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Corporate Governance Code ("**CG Code**") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

During the year ended 31 December 2013, the Company has complied with the code provisions of the CG Code, except for the deviation from the following code provisions:

A.6.5: Dr. Ho Hung Sun, Stanley had not participated in continuous professional development provided by the Company due to his health reasons.

E.1.2: Due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 31 May 2013.

CLOSURE OF REGISTER OF MEMBERS FOR 2014 ANNUAL GENERAL MEETING

Book close dates for 2014 Annual General Meeting (both days inclusive) : 3 June 2014 to 5 June 2014

Latest time to lodge transfer documents with the Company's share registrar : 4:30 p.m. on Friday, 30 May 2014

Name and address of the Company's share registrar : Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND AND SPECIAL DIVIDEND

Record date for proposed final dividend and special dividend : 10 June 2014

Latest time to lodge transfer documents with the Company's share registrar : 4:30 p.m. on Tuesday, 10 June 2014

Name and address of the Company's share registrar : Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Expected payment date (if approved at the 2014 Annual General Meeting) : 24 June 2014

2014 ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of the Company will be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 2:30 p.m. on Thursday, 5 June 2014. Notice of Annual General Meeting will be published on the Stock Exchange’s website and the Company’s website and despatched to shareholders of the Company in due course.

PRELIMINARY ANNOUNCEMENT OF THE GROUP’S RESULTS

The Group’s consolidated financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company. The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this preliminary announcement have been agreed by the Company’s auditor, Deloitte Touche Tohmatsu (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

By order of the Board
SJM Holdings Limited
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 26 February 2014

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.