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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 2010

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**”) for the year ended 31 December 2010 as follows.

FINANCIAL HIGHLIGHTS

	2010	2009	
	HK\$ million	HK\$ million	Increase
Gaming Revenue	57,195	34,066	67.9%
Other Income	606	410	47.8%
Adjusted EBITDA*	4,838	2,269	113.2%
Profit attributable to owners of the Company	3,559	907	292.4%
Earnings per share – basic	HK69.2 cents	HK18.1 cents	282.3%
– diluted	HK66.2 cents	HK18.1 cents	265.7%
Proposed final dividend per ordinary share	HK30 cents	HK9 cents	233.3%

* Earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, and share-based payments

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK30 cents per ordinary share of the Company (the “**Share**”) for the year ended 31 December 2010 (2009: HK9 cents per Share). The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Friday, 29 April 2011 (the “**2011 Annual General Meeting**”), is expected to be paid on 18 May 2011 to the shareholders of the Company whose names appear on the register of members of the Company on 29 April 2011.

OPERATING HIGHLIGHTS

- Gaming revenue earned by Sociedade de Jogos de Macau, S.A. (“**SJM**”), a subsidiary of the Company, grew by 67.9%, exceeding the 57.8% rate of growth of casino gaming revenue in Macau.
- Adjusted EBITDA increased at an even greater rate of 113.2%, reflecting efficiency gains made by the Group.
- Profit attributable to owners of the Company grew by 292.4%.
- SJM completed its eighth consecutive quarter of growth in gaming revenue and Adjusted EBITDA. Unaudited results for the fourth quarter of 2010 show that SJM’s gaming revenue surpassed the previous quarter by 19.3%, exceeding the 16.3% growth rate of the Macau market during the same period.
- SJM continued to lead in market share of the Macau casino gaming market, with 40.1% of mass market table gaming revenue and 29.5% of VIP gaming revenue, and increased its overall market share to 31.3% from 29.4% in 2009.
- The Group maintained its strong balance sheet, with cash, bank balances and pledged deposits increasing to HK\$15.3 billion as at 31 December 2010.
- Casino Grand Lisboa continued to perform strongly in 2010, contributing Adjusted EBITDA of HK\$2,557 million for the year and Adjusted EBITDA margin of 16.4% on the basis of Hong Kong generally accepted accounting principles (“**HK GAAP**”). If prepared on the basis of United States generally accepted accounting principles (“**US GAAP**”), the Adjusted EBITDA margin of Casino Grand Lisboa would be 26.4% for 2010.
- Casino Grand Lisboa’s daily net-win per mass market gaming table increased by 23.5%, net-win per VIP table increased by 7.8% and net-win per slot machine increased by 12.2%.
- New VIP gaming areas opened on the 38th and 39th floors of the Grand Lisboa in September 2010, and the new Grand Lotus gaming area for premium mass market customers opened in February 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	2010 HK\$ million	2009 HK\$ million
Gaming, hotel, catering and related services revenues		<u>57,653.3</u>	<u>34,352.8</u>
Gaming revenue	4	57,195.0	34,065.8
Special gaming tax, special levy and gaming premium		<u>(22,089.9)</u>	<u>(13,219.5)</u>
		35,105.1	20,846.3
Hotel, catering and related services income		458.3	287.0
Cost of sales and services on hotel, catering and related services		(216.4)	(164.8)
Other income		147.9	123.3
Marketing and promotional expenses		(25,130.4)	(13,318.1)
Operating and administrative expenses		(6,627.1)	(6,755.6)
Finance costs	5	(215.4)	(197.7)
Share of profits (losses) of an associate		4.9	(13.5)
Share of profits of a jointly controlled entity		<u>5.5</u>	<u>5.4</u>
Profit before taxation	6	3,532.4	812.3
Taxation	7	<u>(17.6)</u>	<u>(17.5)</u>
Profit for the year and total comprehensive income for the year		<u>3,514.8</u>	<u>794.8</u>
Profit for the year and total comprehensive income attributable to			
– owners of the Company		3,559.4	906.7
– non-controlling interests		<u>(44.6)</u>	<u>(111.9)</u>
		<u>3,514.8</u>	<u>794.8</u>
Earnings per share			
– Basic	9	<u>HK69.2 cents</u>	<u>HK18.1 cents</u>
– Diluted	9	<u>HK66.2 cents</u>	<u>HK18.1 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	<i>Notes</i>	2010 HK\$ million	2009 HK\$ million
Non-current assets			
Property and equipment		9,486.0	10,139.6
Land use rights		804.9	845.8
Intangible asset		39.5	45.8
Art works and diamonds		290.4	289.2
Interest in an associate		74.0	67.4
Interest in a jointly controlled entity		73.2	67.7
Available-for-sale investments in equity securities		5.5	5.5
Deposits made on acquisitions		122.6	168.1
Amount due from a fellow subsidiary		304.5	329.2
Amounts due from investee companies		144.2	–
Pledged bank deposits		145.6	145.6
Bank deposits		–	1,000.0
		<u>11,490.4</u>	<u>13,103.9</u>
Current assets			
Inventories		55.9	52.1
Trade and other receivables	10	1,258.2	1,233.3
Loan receivables		246.0	132.0
Amount due from ultimate holding company		546.7	23.3
Amount due from an associate		20.0	20.0
Amount due from a jointly controlled entity		14.3	14.3
Amounts due from investee companies		–	156.7
Financial assets at fair value through profit or loss		56.2	28.4
Pledged bank deposits		26.4	265.4
Short-term bank deposits		5,036.7	400.0
Bank balances and cash		10,138.6	7,937.1
		<u>17,399.0</u>	<u>10,262.6</u>
Current liabilities			
Trade and other payables	11	10,020.8	6,895.0
Amount due to a director		29.1	–
Financial guarantee obligations		–	13.3
Obligations under finance leases		23.5	33.3
Taxation		38.8	38.8
Current portion of long-term bank loans		1,040.0	1,040.0
Convertible bonds		218.7	–
		<u>11,370.9</u>	<u>8,020.4</u>
Net current assets		<u>6,028.1</u>	<u>2,242.2</u>
Total assets less current liabilities		<u>17,518.5</u>	<u>15,346.1</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2010

	2010 HK\$ million	2009 HK\$ million
Non-current liabilities		
Obligations under finance leases	304.5	329.2
Long-term bank loans	3,072.0	4,102.0
Amount due to non-controlling interests of a subsidiary	966.6	807.3
Convertible bonds	—	1,588.2
	<u>4,343.1</u>	<u>6,826.7</u>
Net assets	<u>13,175.4</u>	<u>8,519.4</u>
Capital and reserves		
Share capital	5,454.5	5,000.0
Reserves	<u>7,683.2</u>	<u>3,454.7</u>
Equity attributable to owners of the Company	13,137.7	8,454.7
Non-controlling interests	<u>37.7</u>	<u>64.7</u>
Total equity	<u>13,175.4</u>	<u>8,519.4</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

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 ("**MSAR**"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A., a company established in MSAR. The address of the registered office and principal place of business of the Company is Suites 3201-3205, 32nd Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company 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 (the "**HKICPA**").

2.1 Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations ("**INTs**") (hereinafter collectively referred to as "**new and revised HKFRSs**") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009, except for amendment to HKAS 1, which has been early adopted in the last financial year
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions
HKFRS 3 (as revised in 2008)	Business combinations
HK(IFRIC*) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

* IFRIC represents International Financial Reporting Interpretations Committee

The application of the new and revised HKFRSs had no effect on the consolidated financial information of the Group for the current or prior accounting periods.

2.2 New and revised HKFRSs issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 12 (Amendments)	Deferred tax: recovery of underlying assets ⁶
HKAS 24 (as revised in 2009)	Related party disclosures ⁴
HKAS 32 (Amendments)	Classification of rights issues ¹
HKFRS 7 (Amendment)	Disclosures – transfers of financial assets ⁵
HKFRS 9	Financial instruments ⁷
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ²

¹ Effective for annual periods beginning on or after 1 February 2010

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 July 2011

⁶ Effective for annual periods beginning on or after 1 January 2012

⁷ Effective for annual periods beginning on or after 1 January 2013

The directors of the Company (the “**Directors**”) anticipate 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.

3. OPERATING SEGMENTS

The Group is currently organised into two segments – gaming operations, and hotel and catering operations. Principal activities of the 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 operations and others. The CODM reviews the revenues and operating results of gaming operations as a whole. 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 has been aggregated into a single operating segment named “hotel and catering operations”.

3. OPERATING SEGMENTS (Continued)

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

	Segment revenue		Segment results	
	2010 HK\$ million	2009 HK\$ million	2010 HK\$ million	2009 HK\$ million
Gaming operations	<u>57,195.0</u>	<u>34,065.8</u>	4,088.0	1,509.2
Hotel and catering operations				
– external sales	458.3	287.0		
– inter-segment sales	<u>149.0</u>	<u>125.6</u>		
	607.3	412.6	(446.3)	(532.1)
Eliminations	<u>(149.0)</u>	<u>(125.6)</u>		
	<u>458.3</u>	<u>287.0</u>		
	<u>57,653.3</u>	<u>34,352.8</u>		
Reconciliation from segment results to profit before taxation			3,641.7	977.1
Unallocated corporate expenses			(147.5)	(172.0)
Change in fair value of financial assets at fair value through profit or loss			27.8	15.3
Share of profits (losses) of an associate			4.9	(13.5)
Share of profits of a jointly controlled entity			<u>5.5</u>	<u>5.4</u>
Profit before taxation			<u>3,532.4</u>	<u>812.3</u>

Segment results represent the profit earned by each segment without allocation of corporate expenses, change in fair value of financial assets at fair value through profit or loss, share of results of associate/jointly controlled entity 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 prevailing market rates.

3. OPERATING SEGMENTS (Continued)

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

	2010 HK\$ million	2009 HK\$ million
ASSETS		
Segment assets		
– gaming operations	15,658.5	12,102.7
– hotel and catering operations	7,239.3	7,669.3
	<u>22,897.8</u>	<u>19,772.0</u>
Interest in an associate	74.0	67.4
Interest in a jointly controlled entity	73.2	67.7
Unallocated bank deposits, bank balances and cash	4,719.3	2,359.8
Unallocated assets	1,125.1	1,099.6
	<u>28,889.4</u>	<u>23,366.5</u>
LIABILITIES		
Bank loans		
– gaming operations	1,800.0	2,225.0
– hotel and catering operations	2,312.0	2,917.0
	<u>4,112.0</u>	<u>5,142.0</u>
Other segment liabilities		
– gaming operations	9,821.6	6,427.7
– hotel and catering operations	238.5	479.0
	<u>10,060.1</u>	<u>6,906.7</u>
Total segment liabilities	14,172.1	12,048.7
Convertible bonds	218.7	1,588.2
Unallocated liabilities	1,323.2	1,210.2
	<u>15,714.0</u>	<u>14,847.1</u>

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

- (i) unallocated assets include mainly amounts due from a fellow subsidiary/an associate/a jointly controlled entity/investee companies, art works and diamonds, and financial assets at fair value through profit or loss.

3. OPERATING SEGMENTS (Continued)

- (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 interest in an associate/ a jointly controlled entity, unallocated bank deposits, bank balances and cash and assets not attributable to respective segments.
- (iv) all liabilities are allocated to operating segments, other than convertible bonds and liabilities not attributable to respective segments.

(c) Other segment information of the Group

	2010 HK\$ million	2009 HK\$ million
Additions to non-current assets (other than financial instruments)		
– gaming operations	338.1	1,068.4
– hotel and catering operations	195.6	653.6
– corporate level	2.0	4.9
	<u>535.7</u>	<u>1,726.9</u>
Depreciation and amortisation		
– gaming operations	667.3	627.2
– hotel and catering operations	506.9	486.4
– corporate level	2.5	1.7
	<u>1,176.7</u>	<u>1,115.3</u>
Loss on disposal of property and equipment		
– gaming operations	2.2	6.0
– hotel and catering operations	12.3	0.1
	<u>14.5</u>	<u>6.1</u>
Share-based payments		
– gaming operations	37.8	55.1
– corporate level	9.9	118.8
	<u>47.7</u>	<u>173.9</u>
Finance costs		
– gaming operations	36.2	56.2
– hotel and catering operations	44.2	65.5
– corporate level	135.0	76.0
	<u>215.4</u>	<u>197.7</u>
Interest income		
– gaming operations	25.7	5.9
– hotel and catering operations	0.3	1.5
– corporate level	47.5	28.6
	<u>73.5</u>	<u>36.0</u>

3. OPERATING SEGMENTS (Continued)

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

4. GAMING REVENUE

	2010 HK\$ million	2009 HK\$ million
Gaming revenue from		
– VIP gaming operations	38,861.8	20,016.7
– mass market table gaming operations	17,153.9	13,039.1
– slot machine operations	1,177.6	1,008.3
– others	1.7	1.7
	<u>57,195.0</u>	<u>34,065.8</u>

5. FINANCE COSTS

	2010 HK\$ million	2009 HK\$ million
Interest on		
– bank borrowings wholly repayable within five years	(81.4)	(123.7)
– finance leases	(17.2)	(23.3)
Imputed interest on amount due to non-controlling interests of a subsidiary	(42.0)	(36.0)
Imputed interest on convertible bonds	(75.8)	(16.7)
	<u>(216.4)</u>	<u>(199.7)</u>
Less: Amount capitalised in construction in progress	1.0	2.0
	<u>(215.4)</u>	<u>(197.7)</u>

6. PROFIT BEFORE TAXATION

	2010 HK\$ million	2009 HK\$ million
Profit before taxation has been arrived at after charging:		
Directors' remuneration		
– fees, salaries and other benefits	56.2	44.8
– share-based payments	18.1	118.8
	74.3	163.6
Retirement benefits scheme contributions to other staff	73.4	63.5
Less: Forfeited contributions	(19.8)	(14.4)
	53.6	49.1
Share-based payments to other staff	27.7	46.8
Other staff costs	3,471.1	3,174.5
	3,498.8	3,221.3
	3,626.7	3,434.0
Auditors' remuneration		
– audit services	7.8	8.6
– non-audit services	4.9	6.0
	12.7	14.6
Allowance for doubtful debts	53.6	–
Amortisation of intangible assets (included in operating and administrative expenses)	6.3	6.3
Depreciation of property and equipment	1,170.4	1,109.0
Loss on disposal of property and equipment	14.5	6.1
Operating lease rentals in respect of		
– land use rights	40.2	39.9
– rented premises	298.9	323.0
– slot machines under		
– contingent rentals	–	1.1
– fixed rentals	–	0.1
Share-based payments to other participants (included in operating and administrative expenses)	1.9	8.3
and after crediting:		
Dividend income from financial assets at fair value through profit or loss	1.5	1.4
Gain on fair value changes on financial assets at fair value through profit or loss	27.8	15.3
Income from amortisation of financial guarantee obligations	13.3	14.5
Interest income from		
– a fellow subsidiary	17.2	23.3
– bank deposits	51.3	12.1
– loan receivables	5.0	0.6
	73.5	36.0

7. TAXATION

	2010	2009
	HK\$ million	HK\$ million
Current year taxation	(17.5)	(17.5)
Underprovision in prior year	(0.1)	–
	<u>(17.6)</u>	<u>(17.5)</u>

No provision for MSAR Complementary Tax (“CT”) on gaming related income is made for SJM. Pursuant to the approval notice issued by the MSAR government dated 8 December 2007, SJM has been exempted from CT for income generated from gaming operations for the years from 2007 to 2011. The management of SJM is planning to apply for extension of this tax exemption in 2011.

In addition, pursuant to the approval letter dated 2 December 2008 issued by the Finance Services Bureau of the MSAR government, SJM’s shareholders were obligated to pay a tax of MOP18.0 million (equivalent to HK\$17.5 million) for each of the years 2007 to 2011. During the year, the Company, as a shareholder of SJM, was obligated to pay HK\$17.5 million (2009: HK\$17.5 million).

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

	2010	2009
	HK\$ million	HK\$ million
2008 final dividend of HK6 cents per ordinary share paid	–	300.0
2009 final dividend of HK9 cents per ordinary share paid	453.8	–
2010 interim dividend of HK5 cents per ordinary share paid	262.2	–
	<u>716.0</u>	<u>300.0</u>

The final dividend of HK30 cents per ordinary share, totalling HK\$1,643.3 million, is proposed by the Directors at a board meeting held on 16 March 2011, which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting and is calculated on the basis of 5,477,572,965 ordinary shares in issue at the date of this announcement.

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:

	2010	2009
	HK\$ million	HK\$ million
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	3,559.4	906.7
Effect of dilutive potential ordinary shares – imputed interest on convertible bonds	<u>75.8</u>	<u>–</u>
Earnings for the purpose of diluted earnings per share	<u>3,635.2</u>	<u>906.7</u>
	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,145,389,186	5,000,000,000
Effect of dilutive potential ordinary shares on – share options	68,643,549	16,461,819
– conversion of convertible bonds	277,503,528	–
	<u>346,147,077</u>	<u>16,461,819</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,491,536,263</u>	<u>5,016,461,819</u>

For the year ended 31 December 2009, the computation of diluted earnings per share does not assume the conversion of the Company's convertible bonds as the conversion would result in an increase in earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK\$ million	HK\$ million
Advances to gaming promoters	744.9	733.8
Other receivables from gaming promoters	189.0	113.9
Prepayments	102.7	86.3
Others	221.6	299.3
	<u>1,258.2</u>	<u>1,233.3</u>

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

	2010	2009
	HK\$ million	HK\$ million
Age		
0 to 30 days	670.9	617.1
31 to 60 days	–	0.4
61 to 90 days	0.3	9.1
Over 90 days	73.7	107.2
	<u>744.9</u>	<u>733.8</u>

In general, SJM provides temporary interest-free credit to gaming promoters which is repayable on demand in the month following the month in which the credit is granted. The relevant temporary credit is generally limited to the commissions accrued/payable to gaming promoters. SJM may also grant credit to gaming promoters that is repayable through instalments and revolving credit facilities with pre-approved credit lines, in which cheques or other forms of securities are provided by gaming promoters to SJM.

The Directors generally consider that such credit is temporary credit provided against unpaid commissions to gaming promoters and is granted based on the performance and financial background of the relevant gaming promoters. In some cases, unsecured credit of not more than the equivalent of two to three months' commissions accrued/payable to the relevant gaming promoters may be granted to those gaming promoters with good credit histories and track records of large business volumes. In the event that a gaming promoter fails to repay credit granted by SJM, SJM has the right, pursuant to the relevant gaming promoter agreement, to withhold commissions payable to the gaming promoter to satisfy the credit granted until full repayment is made.

The advances to gaming promoters and other receivables from gaming promoters are interest-free, unsecured and repayable on demand.

10. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance for doubtful debts

	The Group	
	2010	2009
	HK\$ million	HK\$ million
At 1 January	24.5	24.5
Allowance for doubtful debts	53.6	—
	<hr/>	<hr/>
At 31 December	<u>78.1</u>	<u>24.5</u>

Included in the allowance for doubtful debts are individually impaired receivables from gaming promoters with an aggregate balance of HK\$78.1 million (2009: HK\$24.5 million) since the management considered the prolonged outstanding balances from these gaming promoters were uncollectible.

11. TRADE AND OTHER PAYABLES

	2010	2009
	HK\$ million	HK\$ million
Trade payables	1,951.8	1,239.6
Special gaming tax payable	2,117.9	1,325.2
Chips liabilities	4,325.1	2,725.9
Payables for acquisition of property and equipment	61.4	78.3
Construction payables	222.0	562.3
Deposits received from gaming patrons and gaming promoters	292.5	237.5
Accrued staff costs	484.5	194.1
Rentals payables	104.0	106.7
Withholding tax payables	52.3	17.6
Other payables	409.3	407.8
	<hr/>	<hr/>
	<u>10,020.8</u>	<u>6,895.0</u>

11. TRADE AND OTHER PAYABLES (Continued)

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

	2010 HK\$ million	2009 HK\$ million
Age		
0 to 30 days	1,925.2	1,176.5
31 to 60 days	5.0	26.7
61 to 90 days	1.0	6.4
Over 90 days	20.6	30.0
	<u>1,951.8</u>	<u>1,239.6</u>

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

BUSINESS REVIEW

Group Operating Results

	For the year ended 31 December		
	2010 HK\$ million	2009 HK\$ million	Increase
Total revenue	57,653	34,353	67.8%
Gaming revenue	57,195	34,066	67.9%
Profit attributable to owners of the Company	3,559	907	292.4%
Adjusted EBITDA ¹	4,838	2,269	113.2%
Adjusted EBITDA Margin	8.5%	6.7%	–

¹ Earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, and share-based payments

Growth in gaming revenue in 2010 comprised increases in VIP gaming revenue of 94.1%, mass market table gaming revenue of 31.6% and slot machine and other gaming revenue of 16.7%, which reflected the rebound in overall economic conditions in China and the Asian region particularly in the second half of 2010. During 2010, the Group accounted for 31.3% of Macau's record casino gaming revenue of HK\$182,857 million, the largest market share among the six concessionaires and sub-concessionaires and an increase in market share from 29.4% for the full year 2009.

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 8.5%, an increase from 6.7% in 2009. If calculated under US GAAP, the Group's Adjusted EBITDA margin would be 14.8% for 2010, as compared with 10.8% in 2009 (See "Comparison with United States GAAP Accounting" below).

Net profit for the year 2010 was affected by depreciation charges of HK\$1,170 million, which increased by HK\$61 million from HK\$1,109 million in the previous year due to depreciation charges on Casino Oceanus at Jai Alai which opened in December 2009, as well as deductions of share-based payments of HK\$48 million, which decreased by HK\$126 million from HK\$174 million in the previous year. Interest expense in 2010 was HK\$215 million, compared with HK\$198 million in 2009.

	For the three months ended		Increase
	31 December 2010	30 September 2010	
	HK\$ million	HK\$ million	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Total revenue	16,842	14,095	19.5%
Gaming revenue	16,689	13,987	19.3%
Profit attributable to owners of the Company	1,125	867	29.8%
Adjusted EBITDA	1,428	1,178	21.2%
Adjusted EBITDA Margin	8.5%	8.4%	–

The 19.3% growth in SJM's gaming revenue during the fourth quarter of 2010 exceeds the 16.3% growth in total gaming revenue of Macau for the same period, as reported by the Macau Gaming Inspection and Coordination Bureau. Results for the three months ended 31 December 2010 represent the eighth consecutive quarter of growth for SJM in gaming revenue and Adjusted EBITDA.

Operating Results – VIP Gaming

	For the year ended 31 December		Increase
	2010	2009	
Gaming revenue (HK\$ million)	38,862	20,017	94.1%
Average daily net-win per VIP gaming table (HK\$)	229,958	229,536	0.2%
VIP chips sales (HK\$ million)	1,334,035	718,849	85.6%
Average number of VIP gaming tables (Average of month-end numbers)	463	239	93.7%

VIP gaming operations accounted for 67.9% of the Group's total gaming revenue in 2010, as compared to 58.8% for the previous year. As at 31 December 2010, SJM had 507 VIP gaming tables in operation with 33 VIP promoters, as compared with 320 VIP gaming tables and 30 VIP promoters as at 31 December 2009. As at 31 December 2010, SJM operated VIP gaming in 14 of its casinos.

Increased VIP gaming revenue of 94.1% resulted from increased chips purchases by junket operators which in turn reflected the buoyant economy in the Mainland and the Asian region as well as increased liquidity available to junket operators. The hold rate for SJM's VIP operations also increased in 2010 to 2.91% from 2.78% in 2009.

Operating Results – Mass Market Table Gaming

	For the year ended 31 December		
	2010	2009	Increase
Gaming revenue (HK\$ million)	17,154	13,039	31.6%
Average daily net-win per mass market gaming table (HK\$)	36,460	29,978	21.6%
Average number of mass market gaming tables (Average of month-end numbers)	1,289	1,192	8.1%

Gaming revenue from mass market table gaming operations comprised 30.0% of the Group's total gaming revenue in 2010, as compared to 38.3% in 2009. SJM had 1,183 mass market tables in operation as at 31 December 2010, as compared with 1,404 mass market gaming tables as at 31 December 2009.

Increased mass market table gaming revenue of 31.6% 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

	For the year ended 31 December		
	2010	2009	Increase
Gaming revenue (HK\$ million)	1,179	1,010	16.7%
Average daily net-win per slot machine (HK\$)	732	698	4.9%
Average number of slot machines (Average of month-end numbers)	4,407	3,955	11.4%

Gaming revenue from slot machine operations and other gaming operations (Tombola) comprised 2.1% of the Group's total gaming revenue in 2010, as compared to 3.0% in 2009. SJM had 4,147 slot machines in service as at 31 December 2010 as compared with 4,567 slot machines as at 31 December 2009.

As at 31 December 2010, SJM operated slot machines in 15 of its casinos and in four slot halls. In January 2011, SJM ceased operations at its one third party-promoted slot hall.

Operating Results of Casino Segments – Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa achieved substantial growth in revenue and profitability during 2010. The change in Adjusted EBITDA Margin reflects the larger proportion of VIP gaming conducted at Casino Grand Lisboa during the year.

	For the year ended 31 December		
	2010	2009	Increase
Revenue (HK\$ million)	15,579	9,436	65.1%
Profit attributable to the Group (HK\$ million)	2,293	1,352	69.6%
Adjusted EBITDA (HK\$ million)	2,557	1,654	54.6%
Adjusted EBITDA Margin	16.4%	17.5%	–

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

	For the year ended 31 December		Increase/ (Decrease)
	2010	2009	
VIP operations			
Gaming revenue (HK\$ million)	11,295	5,900	91.4%
Average daily net-win per VIP gaming table (HK\$)	355,691	329,905	7.8%
VIP chips sales (HK\$ million)	414,316	190,167	117.9%
Average number of VIP gaming tables (Average of month-end numbers)	87	49	77.6%
Mass market operations			
Gaming revenue (HK\$ million)	3,917	3,207	22.1%
Average daily net-win per mass market gaming table (HK\$)	44,348	35,908	23.5%
Average number of mass market gaming tables (Average of month-end numbers)	242	245	(1.2)%
Slot machine operations			
Gaming revenue (HK\$ million)	367	329	11.6%
Average daily net-win per slot machine (HK\$)	1,393	1,241	12.2%
Average number of slot machines (Average of month-end numbers)	721	726	(0.7)%

If calculated under US GAAP, the Adjusted EBITDA margin of Casino Grand Lisboa would be approximately 26.4% for 2010, an increase from 25.8% in 2009 (See “Comparison with United States GAAP Accounting” below).

In September 2010 new VIP gaming rooms were opened on the 38th and 39th floors of the Grand Lisboa, with 29 VIP baccarat tables. In February 2011 the Grand Lisboa opened a new area on the mezzanine floor above the main gaming floor for premium-level mass market customers, initially with 17 gaming tables.

During 2010, Casino Grand Lisboa averaged 29,373 visitors per day, or over ten million during the year. To continue attracting gaming patrons, Casino Grand Lisboa frequently launches special promotions, such as “Spin2Win”, “The Royal Trump”, “Lucky Conquest” and “Daily Luck Stars”. Jackpots are paid frequently, with the total exceeding HK\$144 million for slot machines and over HK\$76 million for table games (Caribbean Stud Poker) in 2010. During the year, the number of members of the Casino Grand Lisboa loyalty card programme increased by over 58,000 to 304,277.

Operating Results of Casino Segments – Other Self-promoted Casinos and Slot Halls

Other self-promoted casinos and slot halls consists of Casino Lisboa, Casino Oceanus and Casino Jai Alai, plus three self-promoted slot halls.

	For the year ended 31 December		
	2010	2009*	Increase
Revenue (HK\$ million)	11,434	10,101	13.2%
Profit attributable to the Group (HK\$ million)	643	141	356.0%
Adjusted EBITDA (HK\$ million)	891	261	241.4%
Adjusted EBITDA Margin	7.8%	2.6%	–

* 2009 figures do not include results of three self-promoted slot halls, accounting for revenue of HK\$262 million in 2009, which were included previously among satellite casinos and slot halls.

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

	For the year ended 31 December		Increase/ (Decrease)
	2010	2009	
VIP operations			
Gaming revenue (HK\$ million)	7,660	7,781	(1.6)%
Average daily net-win per VIP gaming table (HK\$)	355,686	333,054	6.8%
VIP chips sales (HK\$ million)	265,039	290,649	(8.8)%
Average number of VIP gaming tables (Average of month-end numbers)	59	64	(7.8)%
Mass market operations			
Gaming revenue (HK\$ million)	3,409	2,257	51.0%
Average daily net-win per mass market gaming table (HK\$)	25,941	26,204	(1.0)%
Average number of mass market gaming tables (Average of month-end numbers)	360	236	52.5%

As at 31 December 2010, Casino Lisboa operated a total of 54 VIP tables, 129 mass market gaming tables and 72 slot machines.

As at 31 December 2010, Casino Oceanus at Jai Alai and Casino Jai Alai operated a total of 198 mass market gaming tables, two VIP gaming tables and 653 slot machines, of which 173 tables and 569 slot machines were at the new Casino Oceanus at Jai Alai premises. In its first full year of operations, Casino Oceanus at Jai Alai recorded a total of over four million visitors, and as at 31 December 2010 has enrolled 80,027 members in the Oceanus Club loyalty card programme.

Operating Results of Casino Segments – Satellite Casinos and Slot Halls

As at 31 December 2010, SJM operated 14 satellite (third party-promoted) casinos, of which 12 are located on the Macau Peninsula and two are located on the island of Taipa, comprising a total of 613 mass market gaming tables, 353 VIP gaming tables and 1,994 slot machines. One third party-promoted slot hall, the Tiger Slot Lounge located at Macau Tower, was operated by SJM in 2010 which accounted for an additional 151 slot machines. Subsequent to 31 December 2010, SJM ceased operation of the Tiger Slot Lounge.

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

	For the year ended 31 December		
	2010	2009 [#]	Increase
Revenue (HK\$ million)	30,182	14,529	107.7%
Profit attributable to the Group (HK\$ million)	1,087	56	1,841.1%
Adjusted EBITDA (HK\$ million)	1,164	246	373.2%
Adjusted EBITDA Margin	3.9%	1.7%	–

[#] 2009 figures include results of three self-promoted slot halls, accounting for revenue of HK\$262 million in 2009, which are included among self-promoted casinos and slot halls in 2010.

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

	For the year ended 31 December		Increase/ (Decrease)
	2010	2009	
VIP operations			
Gaming revenue (HK\$ million)	19,907	6,336	214.2%
Average daily net-win per VIP gaming table (HK\$)	172,051	137,590	25.0%
VIP chips sales (HK\$ million)	654,681	238,032	175.0%
Average number of VIP gaming tables (Average of month-end numbers)	317	126	151.6%
Mass market operations			
Gaming revenue (HK\$ million)	9,828	7,575	29.7%
Average daily net-win per mass market gaming table (HK\$)	39,194	29,180	34.3%
Average number of mass market gaming tables (Average of month-end numbers)	687	711	(3.4)%

Non-gaming Operations

Since its grand opening in December 2008, the Grand Lisboa Hotel has experienced steady growth in occupancy and revenue contribution, and is widely recognised as having the top quality restaurants in Macau and the most extensive wine list in the region. *Michelin Guide Hong Kong Macau 2010* awarded its coveted two-star rating to “The Eight” restaurant (upgraded from a one-star rating award in the previous year) and its Bib Gourmand award to the hotel’s “Noodle & Congee Corner”, and *Wine Spectator* selected the “Don Alfonso 1890” restaurant for its “Grand Award”.

For the year ended 31 December 2010, the Grand Lisboa Hotel contributed HK\$430 million in revenue and HK\$131 million in Adjusted EBITDA to the Group as compared with HK\$328 million in revenue and HK\$71 million in Adjusted EBITDA for the previous year. The occupancy rate of the hotel, based on 409 average available rooms, averaged 77.9% for the full year 2010, as compared with 57.2% for the previous year, and increased to 94.2% for the month of December 2010. Average room rate for the full year 2010 was approximately HK\$1,951 as compared with HK\$1,990 in 2009.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, improved during 2010 and contributed HK\$136.3 million in revenue to the Group, compared with a contribution of HK\$94.3 million in 2009. The occupancy rate of the 408-room hotel averaged 71.3% for the full year 2010 as compared with 47.5% in 2009, while increasing to 81.9% for the month of December 2010.

Income from all hotel, catering and related services, after inter-company elimination, totaled HK\$458 million in 2010, an increase of 59.6% from HK\$287 million in 2009, due primarily to increased hotel room occupancy. Other income, primarily interest earned on bank deposits, finance leases interest received and income from amortisation of financial guarantee obligations, increased to HK\$148 million from HK\$123 million during the year.

PROSPECTS AND RECENT DEVELOPMENTS

Market Environment

The strong growth of Macau's gaming industry in 2010 reflected the strength and financial liquidity of regional economies as well as Macau's growing appeal as a holiday destination particularly for visitors from the Mainland.

Visitation to Macau reversed the previous year's decline and established a new record of 24,965,411 visitors, as compared with 21,752,751 in 2009, an increase of 14.8%. Also according to the Macau Government Statistics and Census Service, visitors to Macau from Mainland China rose even more strongly by 20.4% to 13,229,058 in 2010 as compared with 10,989,533 in 2009.

In March 2010, the Macau government announced that the total number of gaming tables in Macau would be capped at 5,500 for the following three years. The Company does not expect this policy to have a significant impact on its gaming business during this period.

The Group expects that its future prospects are excellent, given continued robust growth of visitation and spending in Macau, the general prosperity of the Asian region, its strategically located network of casinos and its strong balance sheet. While some new capacity will be added to the supply of gaming facilities by competitors in Cotai in 2011 and 2012, this is not expected to have a significant effect on the Group's business which is largely concentrated on Macau Peninsula.

Current and Recent Initiatives

In pursuit of the Group's strategy of growing its business through expansion of casino operations in Macau and improvement in the operating efficiency of existing casinos, the Group has been and is progressing on a number of initiatives in 2010 and 2011, which are described below.

- **at Casino Grand Lisboa**

In September 2010 the SJM opened two high-vista floors for VIP gaming at the Grand Lisboa, with an additional 30 VIP gaming tables.

In February 2011 the SJM opened a new area for premium mass market gaming on a mezzanine floor overlooking the main gaming floor of Grand Lisboa, with 17 high-limit gaming tables.

- **at Casino Lisboa**

During 2010 the SJM completed installation of new information technology and player-tracking systems into Casino Lisboa, enabling more efficient gaming table management and cultivation of customer loyalty through greater functionality of the Lisboa Card membership programme.

- **at Casino Oceanus at Jai Alai**

In August 2010 a new set of escalators was opened leading to the overhead walkway to Casino Oceanus at Jai Alai, facilitating movement of patrons who arrive via the Macau Maritime Terminal. The new walkway resulted in an immediate increase in the number of daily visitors to Oceanus. Subject to relevant approvals, SJM also plans to enclose and air condition the walkway leading to the casino from the Macau Maritime Terminal, and also to construct prominent new signage.

- **at Satellite Casinos**

In 2010, SJM realised positive effects of applying a new formula to service agreements for the satellite casinos. By mid-2010, all 14 of SJM's satellite casinos were operating under revenue sharing service agreements under which SJM accounted for all the gaming revenue and paid a certain amount of commission which is net of all operating costs. The new service agreements replaced agreements under which SJM bore the casino operating expenses.

- **at Ponte 16 Resort**

Adjusted EBITDA contribution of the resort increased from HK\$68.5 million in 2009 to HK\$207 million in 2010, with gaming promotion income growth of Casino Ponte 16 and increased occupancy at the Sofitel at Ponte 16. In February 2010, the MJ Gallery opened and a successful auction of memorabilia from Michael Jackson and other celebrities was held in October 2010.

In early 2011, Ponte 16 – Property Development Limited, SJM's 51% indirectly owned subsidiary, entered into a settlement agreement with the remaining occupant of the construction site of the Ponte 16 development project in order to terminate the legal proceedings it had initiated in 2005 and has recovered possession of the whole construction site. It intends to develop this part of the construction site which is expected to enhance Ponte 16's EBITDA contribution in future.

- **at Grand Lisboa Hotel**

Grand Lisboa Hotel also increased its Adjusted EBITDA contribution, and its hotel rooms approached full occupancy towards the end of 2010. Later in 2011, the Company expects that the award-winning Robuchon a Galera Restaurant will relocate from Hotel Lisboa to the top floor of the Grand Lisboa Hotel.

Future Casino Projects

SJM is awaiting the results of its application to the Macau government for a development site on Cotai of approximately 73,856 square metres adjacent to the Macau East Asian Games Dome.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong financial position, with bank balances and cash amounting to HK\$15,175 million (not including HK\$172 million pledged bank deposits) as at 31 December 2010. This represented an increase of 62.5% as compared with the position as at 31 December 2009 of HK\$9,337 million. The increase was mainly attributable to the increase in EBITDA and working capital throughout the year.

Convertible bonds in the original principal amount of HK\$2,000 million which had been issued by a wholly-owned subsidiary of the Company in October 2009, were substantially converted into shares of the Company during 2010. As at 31 December 2010, a principal amount of HK\$259.4 million of convertible bonds were still outstanding, convertible into shares of the Company at a conversion price of HK\$5.24.

Total outstanding balance of bank loans drawn by the Group as at 31 December 2010, excluding the convertible bond issue, amounted to HK\$4,112 million. The maturity profile of the Group's borrowings as at 31 December 2010 is set out below:

Maturity Profile

Within 1 year	1–2 years	2–5 years	Over 5 years	Total
25.3%	74.7%	0.0%	0.0%	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 nil at the end of 2010 (as at 31 December 2009: nil).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to HK\$289 million as at 31 December 2010 (as at 31 December 2009: HK\$663 million), which were primarily for furnishings and fittings at Grand Lisboa and Oceanus, and slot machine purchases. Other projects in the future will be funded by a combination of internal resources and external 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 2010, certain of the Group's property and equipment and land use rights with carrying values of HK\$5,832 million and HK\$758 million, respectively (as at 31 December 2009: HK\$6,127 million and HK\$797 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of HK\$172 million as at 31 December 2010, as compared with HK\$411 million as at 31 December 2009.

Contingent Liabilities and Guarantees

As at 31 December 2010, the Group had total guarantees given to banks of HK\$93 million (as at 31 December 2009: HK\$244 million), which were guarantees in respect of credit facilities granted to an associate and investee companies. The Company has also agreed to guarantee payment of all sums payable in relation to the issue of convertible bonds by a wholly-owned subsidiary made in October 2009. As at 31 December 2010, the principal amount of convertible bonds outstanding was HK\$259.4 million. The Group had no significant contingent liabilities as at 31 December 2010.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. Funds borrowed 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. None of the Group's outstanding borrowings was denominated in a foreign currency as at 31 December 2010. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. All of the Group's bank deposits are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy not to engage in speculative trading activity.

Material Acquisitions and Disposals

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the year ended 31 December 2010.

Human Resources

As at 31 December 2010, the Group had 19,585 full-time employees, which represented a decrease of 351 employees from 19,936 full-time employees as at 31 December 2009. The Group's employee turnover rate was minimal in 2010.

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 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 14.8% for the reporting period, as compared to HK GAAP which gives an Adjusted EBITDA margin of 8.5% 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 year ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. During the year 2010, the Company has complied with the code provisions set out in Appendix 14 of the Listing Rules, except for the deviation from Code Provision E.1.2 that due to health reason, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 31 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 27 April 2011 to Friday, 29 April 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and attending and voting at the 2011 Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 26 April 2011.

ANNUAL GENERAL MEETING

The 2011 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 Friday, 29 April 2011. Notice of Annual General Meeting will be published on the Stock Exchange's website and the Company's website and despatched to the shareholders of the Company in due course.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The Company's consolidated financial statements for the year ended 31 December 2010 have been reviewed by the Audit Committee of the Company. The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in this preliminary announcement have been agreed by the Company's joint auditors, Deloitte Touche Tohmatsu and H.C. Watt & Company Limited (the "**Joint Auditors**"), to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by the Joint Auditors 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 Joint Auditors on this preliminary announcement.

By order of the Board

SJM Holdings Limited

So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 16 March 2011

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 Dato' Dr. Cheng Yu Tung and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Mr. Lan Hong Tsung, David, Mr. Shek Lai Him, Abraham and Mr. Tse Hau Yin.