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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 880)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2011 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Increase
	2011 HK\$ million (unaudited)	2010 HK\$ million (unaudited)	
Total Revenue	37,798	26,716	41.5%
Gaming Revenue	37,534	26,519	41.5%
Adjusted EBITDA*	3,491	2,232	56.4%
Profit attributable to owners of the Company	2,666	1,567	70.1%
Earnings per share — basic	HK48.6 cents	HK31.2 cents	55.8%
— diluted	HK48.1 cents	HK29.6 cents	62.5%
Interim dividend per ordinary share	HK8 cents	HK5 cents	60.0%

* Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, and share-based payments.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK8 cents per ordinary share of the Company (the “Share”) for the six months ended 30 June 2011 (six months ended 30 June 2010: HK5 cents per Share). The interim dividend is expected to be paid on 21 September 2011 to shareholders of the Company whose names appear on the register of members of the Company on 6 September 2011.

OPERATING HIGHLIGHTS

- In addition to the increases in gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company of 41.5%, 56.4% and 70.1%, respectively, from the year-earlier period, the Group’s Adjusted EBITDA Margin (Hong Kong GAAP basis) improved to 9.2% from 8.4%, reflecting greater efficiency of the Group’s operations.
- The Group’s VIP gaming revenue, mass market table gaming revenue and slot machines operations revenue grew by 50.5%, 22.7% and 37.9%, respectively, in the first half of 2011, compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“SJM”) continued to lead in market share of the Macau casino gaming market, with 38.2% of mass market table gaming revenue, 30.1% of VIP gaming revenue, and overall gaming market share of 31.1%.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$18.2 billion as at 30 June 2011.
- The Group continued to obtain strong performance from its flagship Casino Grand Lisboa, which increased revenue, Adjusted EBITDA and attributable profit by 64.4%, 62.2% and 55.9%, respectively, as compared to the year-earlier period.
- Hotel Grand Lisboa achieved average occupancy of 89.3% and average daily room rate of HK\$2,065, increases of 22.7% and 6.8% from the year-earlier period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2011	2010
		<i>HK\$ million</i>	<i>HK\$ million</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming, hotel, catering and related services revenues		37,798.3	26,715.5
Gaming revenue	4	37,534.1	26,518.6
Special gaming tax, special levy and gaming premium		(14,448.2)	(10,254.5)
Hotel, catering and related services income		23,085.9	16,264.1
Cost of sales and services on hotel, catering and related services		264.2	196.9
Other income		(116.0)	(94.5)
Marketing and promotional expenses		116.3	62.9
Operating and administrative expenses		(17,014.4)	(11,552.8)
Finance costs	5	(3,601.2)	(3,206.3)
Share of (losses) profits of an associate		(65.5)	(117.1)
Share of profits of a jointly controlled entity		(8.1)	1.3
		3.9	2.5
Profit before taxation	6	2,665.1	1,557.0
Taxation	7	(8.7)	(8.7)
Profit for the period and total comprehensive income for the period		2,656.4	1,548.3
Profit for the period and total comprehensive income attributable to			
– owners of the Company		2,665.9	1,567.0
– non-controlling interests		(9.5)	(18.7)
		2,656.4	1,548.3
Earnings per share			
– Basic	9	HK48.6 cents	HK31.2 cents
– Diluted	9	HK48.1 cents	HK29.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2011	At 31 December 2010
	<i>Notes</i>	<i>HK\$ million</i> <i>(unaudited)</i>	<i>HK\$ million</i> <i>(audited)</i>
Non-current assets			
Property and equipment		9,145.5	9,486.0
Land use rights		793.4	804.9
Intangible asset		36.3	39.5
Art works and diamonds		290.4	290.4
Interest in an associate		65.9	74.0
Interest in a jointly controlled entity		77.1	73.2
Available-for-sale investments in equity securities		5.5	5.5
Deposits made on acquisitions		207.2	122.6
Amount due from a fellow subsidiary		285.6	304.5
Amount due from an associate		20.0	—
Amount due from a jointly controlled entity		14.3	—
Amounts due from investee companies		138.2	144.2
Pledged bank deposits		145.6	145.6
		<u>11,225.0</u>	<u>11,490.4</u>
Current assets			
Inventories		64.1	55.9
Trade and other receivables	10	1,204.2	1,258.2
Loan receivables		246.0	246.0
Amount due from ultimate holding company		1.2	546.7
Amount due from an associate		—	20.0
Amount due from a jointly controlled entity		—	14.3
Financial assets at fair value through profit or loss		83.3	56.2
Pledged bank deposits		26.4	26.4
Short-term bank deposits		940.5	5,036.7
Bank balances and cash		17,121.6	10,138.6
		<u>19,687.3</u>	<u>17,399.0</u>
Current liabilities			
Trade and other payables	11	11,265.5	10,020.8
Amount due to a director		—	29.1
Obligations under finance leases		23.5	23.5
Taxation		30.1	38.8
Current portion of long-term bank loans		1,480.0	1,040.0
Convertible bonds		—	218.7
		<u>12,799.1</u>	<u>11,370.9</u>
Net current assets		<u>6,888.2</u>	<u>6,028.1</u>
Total assets less current liabilities		<u>18,113.2</u>	<u>17,518.5</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	<i>Notes</i>	At 30 June 2011 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2010 <i>HK\$ million</i> <i>(audited)</i>
Non-current liabilities			
Obligations under finance leases		285.6	304.5
Long-term bank loans		2,112.0	3,072.0
Amount due to non-controlling interests of a subsidiary		989.4	966.6
		<u>3,387.0</u>	<u>4,343.1</u>
Net assets		<u>14,726.2</u>	<u>13,175.4</u>
Capital and reserves			
Share capital		5,511.7	5,454.5
Reserves		9,186.3	7,683.2
Equity attributable to owners of the Company		14,698.0	13,137.7
Non-controlling interests		28.2	37.7
Total equity		<u>14,726.2</u>	<u>13,175.4</u>

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

The condensed consolidated financial information has been prepared under the historical cost basis except that certain financial instruments are measured at fair values. The principal accounting policies adopted in the condensed consolidated financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2010.

2.1 Application of new and revised HKFRSs

In the current interim period, the Group have applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC*) – INT 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC*) – INT 19	Extinguishing financial liabilities with equity instruments

* IFRIC represents the IFRS Interpretations Committee

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

2.2 New and revised HKFRSs issued but not yet effective

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

HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets ¹
HKFRS 9	Financial instruments ⁴
HKFRS 10	Consolidated financial statements ⁴
HKFRS 11	Joint arrangements ⁴
HKFRS 12	Disclosures of interests in other entities ⁴
HKFRS 13	Fair value measurements ⁴
HKAS 1 (Revised in 2011)	Presentation of financial statements — Presentation of items of other comprehensive income ³
HKAS 12 (Amendments)	Deferred tax: recovery of underlying assets ²
HKAS 19 (Revised in 2011)	Employee benefits ⁴
HKAS 27 (Revised in 2011)	Separate financial statements ⁴
HKAS 28 (Revised in 2011)	Investments in associates and joint ventures ⁴

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

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

The directors of the Company are in the process of assessing the impact on application of HKFRS 9, 10, 11 and 12.

The directors of the Company anticipate that the application of other new and revised standards and amendments 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 these two operating segments are as follows:

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

For gaming operations, the chief operating decision maker (the “**CODM**”), which is a group of executive directors of the Company, regularly analyses gaming revenue in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations. The CODM reviews the revenues and operating results of gaming operations as a whole. For 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”.

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

	<u>Segment revenue</u>		<u>Segment results</u>	
	Six months ended 30 June			
	2011	2010	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming operations	<u>37,534.1</u>	26,518.6	2,862.5	1,817.2
Hotel and catering operations				
– external sales	264.2	196.9		
– inter-segment sales	86.2	84.3		
	350.4	281.2	(191.2)	(215.9)
Eliminations	(86.2)	(84.3)		
	<u>264.2</u>	<u>196.9</u>		
	37,798.3	<u>26,715.5</u>		
			2,671.3	1,601.3
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate expenses			(10.7)	(64.7)
Change in fair value of financial assets at fair value through profit or loss			8.7	16.6
Share of (losses) profits of an associate			(8.1)	1.3
Share of profits of a jointly controlled entity			3.9	2.5
Profit before taxation			2,665.1	<u>1,557.0</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. 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.

4. Gaming revenue

	Six months ended 30 June	
	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming revenue from		
– VIP gaming operations	26,609.2	17,680.0
– mass market table gaming operations	10,179.5	8,298.2
– slot machine and other gaming operations	745.4	540.4
	<u>37,534.1</u>	<u>26,518.6</u>

5. Finance costs

	Six months ended 30 June	
	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on		
– bank borrowings wholly repayable within five years	(33.8)	(40.6)
– finance leases	(6.2)	(9.1)
Imputed interest on amount due to non-controlling interests of a subsidiary	(22.8)	(20.1)
Imputed interest on convertible bonds	(2.7)	(48.0)
	<u>(65.5)</u>	<u>(117.8)</u>
Less: Amount capitalised in construction in progress	<u>—</u>	<u>0.7</u>
	<u>(65.5)</u>	<u>(117.1)</u>

6. Profit before taxation

	Six months ended 30 June	
	2011	2010
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Allowance for doubtful debts	0.1	53.6
Amortisation of intangible asset (included in operating and administrative expenses)	3.2	3.1
Depreciation of property and equipment	560.8	586.2
Equity-settled share-based payments to		
– directors of the Company	301.2	8.3
– staff	2.9	17.5
– other participants	—	1.9
	304.1	27.7
Loss on disposal of property and equipment	1.9	1.5
Staff costs exclusive of equity-settled share-based payments	1,909.2	1,739.8
<i>and after crediting:</i>		
Dividend income from financial assets at fair value through profit or loss	19.6	1.5
Change in fair value of financial assets at fair value through profit or loss	8.7	16.6
Income from amortisation of financial guarantee obligations	—	7.2
Interest income from		
– a fellow subsidiary	6.1	9.1
– bank deposits	55.5	13.7
– loan receivables	3.4	1.8
	65.0	24.6

7. Taxation

The charge represents current period taxation detailed below:

No provision for MSAR Complementary Tax (“CT”) on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notice issued by 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 period, the Company, as a shareholder of SJM, was obligated to pay MOP9.0 million (equivalent to HK\$8.7 million).

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

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

8. Dividends

	Six months ended 30 June	
	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
2009 final dividend of HK9 cents per ordinary share paid	—	453.8
2010 final dividend of HK30 cents per ordinary share paid	1,653.4	—
	<u>1,653.4</u>	<u>453.8</u>

On 10 August 2011, the board of directors of the Company has resolved to declare an interim dividend of HK8 cents per ordinary share for the six months period ended 30 June 2011 (six months period ended 30 June 2010: HK5 cents per ordinary share).

9. Earnings per share

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

	Six months ended 30 June	
	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Earnings</i>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	2,665.9	1,567.0
Effect of dilutive potential ordinary shares – imputed interest on convertible bonds	2.7	48.0
Earnings for the purpose of diluted earnings per share	<u>2,668.6</u>	<u>1,615.0</u>

	Six months ended 30 June	
	2011	2010
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,491,295,084	5,017,944,828
Effect of dilutive potential ordinary shares on – share options	45,779,248	59,628,971
– conversion of convertible bonds	16,616,860	373,860,702
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,553,691,192</u>	<u>5,451,434,501</u>

10. Trade and other receivables

	At 30 June 2011 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2010 <i>HK\$ million</i> <i>(audited)</i>
Advances to gaming promoters	733.4	744.9
Other receivables from gaming promoters	134.8	189.0
Prepayments	115.7	102.7
Others	220.3	221.6
	<u>1,204.2</u>	<u>1,258.2</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:

<i>Age</i>	At 30 June 2011 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2010 <i>HK\$ million</i> <i>(audited)</i>
0 to 30 days	707.3	670.9
31 to 60 days	13.1	—
61 to 90 days	—	0.3
Over 90 days	13.0	73.7
	<u>733.4</u>	<u>744.9</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 of the Company 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.

11. Trade and other payables

	At 30 June 2011 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2010 <i>HK\$ million</i> <i>(audited)</i>
Trade payables	2,068.3	1,951.8
Special gaming tax payable	2,257.4	2,117.9
Chips liabilities	4,804.6	4,325.1
Payables for acquisition of property and equipment	82.0	61.4
Construction payables	150.6	222.0
Deposits received from gaming patrons and gaming promoters	924.2	292.5
Accrued staff costs	375.9	484.5
Rentals payables	101.0	104.0
Withholding tax payables	30.8	52.3
Other payables	470.7	409.3
	<u>11,265.5</u>	<u>10,020.8</u>

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

<i>Age</i>	At 30 June 2011 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2010 <i>HK\$ million</i> <i>(audited)</i>
0 to 30 days	2,043.2	1,925.2
31 to 60 days	5.0	5.0
61 to 90 days	2.7	1.0
Over 90 days	17.4	20.6
	<u>2,068.3</u>	<u>1,951.8</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

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2011 ("the Reporting Period") each increased substantially from the year-earlier period:

Group operating results	For the six months ended 30 June		Increase
	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>	
Total revenue	37,798	26,716	41.5%
Gaming revenue	37,534	26,519	41.5%
Profit attributable to owners of the Company	2,666	1,567	70.1%
Adjusted EBITDA ⁽¹⁾	3,491	2,232	56.4%
Adjusted EBITDA Margin ⁽²⁾	9.2%	8.4%	

(1) Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, and share-based payments.

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

During the Reporting Period, the Group's gaming revenue amounted to approximately 31.1% of total gaming revenue in Macau, compared with 31.8% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

Attributable profit for the Reporting Period reflected depreciation and amortisation charges of HK\$584 million, as compared to HK\$609 million in the corresponding period last year.

The Group's operating results for the three months ended 30 June 2011, as compared to the three months ended 31 March 2011 are as follows:

Group quarterly operating results	For the three months ended		Increase/ (Decrease)
	30 June 2011 <i>HK\$ million</i>	31 March 2011 <i>HK\$ million</i>	
Total revenue	19,527	18,271	6.9%
Gaming revenue	19,393	18,141	6.9%
Profit attributable to owners of the Company ⁽³⁾	1,259	1,407	(10.5)%
Adjusted EBITDA	1,813	1,678	8.0%
Adjusted EBITDA Margin	9.3%	9.2%	

(3) Profit attributable to owners of the Company is net of share-based payments of HK\$297.9 million in the three months ended 30 June 2011 (HK\$6.2 million in the three months ended 31 March 2011).

Operating Results — VIP Gaming

VIP operations	For the six months ended 30 June		Increase
	2011	2010	
Gaming revenue (HK\$ million)	26,609	17,680	50.5%
Average daily net-win per VIP gaming table (HK\$)	255,674	224,036	14.1%
VIP chips sales (HK\$ million)	927,483	608,700	52.4%
Average number of VIP gaming tables (Average of month-end numbers)	575	436	31.9%

VIP gaming operations accounted for 70.9% of the Group's total gaming revenue in the Reporting Period, as compared to 66.7% for the corresponding period last year. As at 30 June 2011, SJM had 586 VIP gaming tables in operation with 34 VIP promoters, as compared with 507 VIP gaming tables and 33 VIP promoters as at 31 December 2010.

The Group's gaming revenue from VIP gaming operations amounted to approximately 30.1% of total VIP gaming revenue in Macau, compared to 29.8% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 2.87%, as compared with 2.90% in the corresponding period last year.

Operating Results — Mass Market Table Gaming

Gaming revenue from mass market table gaming operations comprised 27.1% of the Group's total gaming revenue in the Reporting Period, as compared to 31.3% in the corresponding period last year. Operating results for the Reporting Period are as follows:

Mass market operations	For the six months ended 30 June		Increase/ (Decrease)
	2011	2010	
Gaming revenue (HK\$ million)	10,180	8,298	22.7%
Average daily net-win per mass market gaming table (HK\$)	47,946	34,188	40.2%
Average number of mass market gaming tables (Average of month-end numbers)	1,173	1,341	(12.5)%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 38.2% of total mass market table gaming revenue in Macau, compared to 41.2% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,153 mass market gaming tables in its casinos as at 30 June 2011, as compared with 1,183 mass market gaming tables as at 31 December 2010.

Operating Results — Slot Machines and Other Gaming Operations

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

Slot machine operations	For the six months ended 30 June		Increase/ (Decrease)
	2011	2010	
Gaming revenue (HK\$ million)	745	541	37.9%
Average daily net-win per slot machine (HK\$)	1,042	651	60.0%
Average number of slot machines (Average of month-end numbers)	3,950	4,580	(13.8)%

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 13.8% of total slot machine revenue in Macau, compared to 14.0% in the corresponding period last year, according to figures from DICJ.

SJM had 4,008 slot machines, operating in 14 of SJM's casinos and in three slot halls, as at 30 June 2011 as compared with 4,147 slot machines as at 31 December 2010.

Operating Results of Casino Segments — Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa achieved substantial growth in revenue and Adjusted EBITDA in the first half of 2011. Adjusted EBITDA Margin was lower due to the comparatively larger proportion of VIP gaming revenue at Casino Grand Lisboa during the period.:

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2011	2010	
Revenue (HK\$ million)	11,223	6,827	64.4%
Profit attributable to the Group (HK\$ million)	1,542	989	55.9%
Adjusted EBITDA (HK\$ million)	1,822	1,123	62.2%
Adjusted EBITDA Margin	16.2%	16.5%	

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

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2011	2010	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	8,362	4,774	75.2%
Average daily net-win per VIP gaming table (HK\$)	388,217	306,679	26.6%
VIP chips sales (HK\$ million)	309,712	188,669	64.2%
Average number of VIP gaming tables (Average of month-end numbers)	119	86	38.4%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	2,630	1,884	39.6%
Average daily net-win per mass market gaming table (HK\$)	57,662	43,196	33.5%
Average number of mass market gaming tables (Average of month-end numbers)	252	241	4.6%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	231	169	37.0%
Average daily net-win per slot machine (HK\$)	1,691	1,305	29.6%
Average number of slot machines (Average of month-end numbers)	756	715	5.7%

Casino Grand Lisboa received around 5.8 million visitors during the first half of 2011, an average of over 32,000 visitors per day.

Operating results of Casino Segments — Other Self-promoted Casinos and Slot Halls

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai and Casino Jai Alai. The latter two casinos operate under the same license. The Group also operates three self-promoted slot halls, namely Macau Jockey Club Slot Lounge, Treasure Hunt Slot Lounge and Yat Yuen Canidrome Slot Lounge (collectively, “**Other Self-promoted Casinos and Slot Halls**”). Adjusted EBITDA Margin for these operations increased mainly due to a comparatively smaller proportion of VIP gaming revenue at Casino Lisboa during the period, and an increase in revenue per table at Casino Oceanus at Jai Alai.

Other self-promoted casinos and slot halls	For the six months ended 30 June		Increase/ (Decrease)
	2011	2010	
Revenue (HK\$ million)	5,931	6,131	(3.3)%
Profit attributable to the Group (HK\$ million)	516	318	62.4%
Adjusted EBITDA (HK\$ million)	672	447	50.2%
Adjusted EBITDA Margin	11.3%	7.3%	

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 six months ended 30 June		Increase/ (Decrease)
	2011	2010	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	3,585	4,292	(16.5)%
Average daily net-win per VIP gaming table (HK\$)	366,833	395,252	(7.2)%
VIP chips sales (HK\$ million)	129,694	147,530	(12.1)%
Average number of VIP gaming tables (Average of month-end numbers)	54	60	(10.0)%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	2,123	1,671	27.0%
Average daily net-win per mass market gaming table (HK\$)	36,088	24,686	46.2%
Average number of mass market gaming tables (Average of month-end numbers)	325	374	(13.1)%

As at 30 June 2011, Casino Lisboa operated a total of 131 mass market gaming tables, 53 VIP gaming tables and 72 slot machines.

As at 30 June 2011, Casino Oceanus at Jai Alai and Casino Jai Alai operated a total of 182 mass market gaming tables, 6 VIP gaming tables and 671 slot machines.

Operating results of Casino Segments — Satellite Casinos and Slot Halls

As at 30 June 2011, 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 (formerly Casino New Century), Casino Jimei, Casino Kam Pek, Casino Lan Kwai Fong, Casino L'Arc, Casino Ponte 16 and Club Legend VIP. Tiger Slot Lounge, a third party-promoted slot hall, ceased operations on 19 January 2011.

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

Satellite casinos and slot halls	For the six months ended 30 June		Increase
	2011	2010	
Revenue (HK\$ million)	20,380	13,561	50.3%
Profit attributable to the Group (HK\$ million)	745	476	56.7%
Adjusted EBITDA (HK\$ million)	827	524	57.8%
Adjusted EBITDA Margin	4.1%	3.9%	

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

Satellite casinos and slot halls	For the six months ended 30 June		Increase/ (Decrease)
	2011	2010	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	14,662	8,614	70.2%
Average daily net-win per VIP gaming table (HK\$)	201,506	163,539	23.2%
VIP chips sales (HK\$ million)	488,077	272,501	79.1%
Average number of VIP gaming tables (Average of month-end numbers)	402	291	38.1%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,427	4,743	14.4%
Average daily net-win per mass market gaming table (HK\$)	50,304	36,044	39.6%
Average number of mass market gaming tables (Average of month-end numbers)	596	727	(18.0)%

Non-gaming Operations

Hotel and catering service income and other income totaled HK\$381 million in the Reporting Period, an increase from HK\$260 million in the first half of 2010. Of this amount, HK\$138 million consisted of revenue from hotel rooms and HK\$126 million was revenue from food and beverage services. During the Reporting Period, the Hotel Grand Lisboa operated at average occupancy of 89.3%, and achieved an average daily room rate of HK\$2,065. Adjusted EBITDA contribution of Hotel Grand Lisboa was HK\$97 million for the Reporting Period.

The Group's 51%-owned Ponte 16 contributed HK\$66 million in Adjusted EBITDA in the Reporting Period, compared with HK\$56 million in the first half of 2010. The Sofitel Macau at Ponte 16 and food and beverage operations contributed HK\$68 million to the Group's revenues in the Reporting Period compared with HK\$60 million during the year-earlier period.

PROSPECTS AND RECENT DEVELOPMENTS

Market Environment

In the Reporting Period, the Macau gaming market continued its strong growth. Total casino gaming revenue established a new monthly record in April 2011 and surpassed this record in the following month. According to the Macau Government Statistics and Census Service, 13.2 million visitors came to Macau in the first half of 2011, an increase of 8.3% from the year-earlier period and an increase of 4.0% from the second half of 2010.

For the six months ended 30 June 2011, Macau casino gaming revenue reached HK120,511 million, an increase of 44.6% over the same period last year and an increase of 21.1% from the second half of 2010. Growth in gaming revenue in Macau was mainly derived from growth in VIP gaming revenue, which reached HK\$88,455 million in the six months ended 30 June 2011, an increase of 49.0% from the year-earlier period and an increase of 22.3% from the second half of 2010.

In 2011 and 2012 the Company faces some new competition from casino resorts opening in the Cotai area. In May 2011 one new competing casino resort facility was opened. An additional competing casino resort property is expected to open in 2012. Together, the two new projects are expected to account for around 14% additional gaming tables in Macau, and bring the total number of gaming tables in Macau up to the level of 5,500 which is the maximum permitted by the government under the policy that expires in 2013. The Group believes that this policy will not affect the Group's business plans during the coming two years.

The Group continues to pursue its strategy of growing its business through the development of strategically located gaming and gaming-related facilities in Macau, targeting different segments of the gaming market. The Group seeks to improve operating margins through implementing cost reduction initiatives, improving efficiency, and actively managing its portfolio by upgrading its existing casinos to improve their yields. The Group believes that it is important to have strong operations in both the mass market and VIP gaming businesses, as well as a strong presence in key locations on the Macau Peninsula.

Current and Recent Initiatives

To advance its strategy, the Group is progressing on a number of projects, which are described below.

- **at Casino Grand Lisboa**

In the third quarter of 2010 SJM opened high-vista VIP gaming rooms, on the 38th and 39th floors of the Grand Lisboa, with approximately 30 additional VIP gaming tables. In February 2011, the new Grand Lotus area for Premium mass market play was opened on the mezzanine floor above the main gaming floor. Both initiatives contributed positive results in the six months ended 30 June 2011. Later in 2011, the Robuchon au Dome Restaurant is planned to open on the top floor of Grand Lisboa.

- **at Casino Lisboa**

The Group is currently finalizing plans to renovate Casino Lisboa. The renovation plan, which would involve zone-by-zone refurbishment of the several gaming areas comprising the casino, is expected to be operational by the end of 2011.

- **at Casino Oceanus At Jai Alai**

Prominent signage atop Casino Oceanus at Jai Alai, visible to visitors arriving in Macau via the Outer Harbour, was constructed during the first half of 2011. Work is currently in progress to enclose and air-condition the overhead walkway that connects Oceanus with the Macau Maritime Terminal. Additionally, in June 2011, one junket with six VIP gaming tables began operations on the second floor of Casino Oceanus at Jai Alai.

Future Projects

- **Cotai**

Consistent with the Group's intention to expand its casino business into the Cotai area, SJM has applied for land concessions for two parcels of land on Cotai, and has entered into discussions regarding potential cooperation with owners of a site adjacent to one of these parcels. SJM has also expressed its interest to the Macau government in acquiring other land parcels should they become available. The Group is studying carefully the overall progress and prospects of Cotai and as at the current date does not estimate when it will undertake development of any of the above sites.

- **Casino Jai Alai plans**

The Group is considering various possibilities for renovation of Casino Jai Alai to support the future expansion of Casino Oceanus at Jai Alai. Significant capital expenditure for this project is not expected in 2011.

Outlook

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

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong financial position during the Reporting Period, with bank balances and cash amounting to HK\$18,062 million (not including HK\$172 million pledged bank deposits) as at 30 June 2011 (as at 31 December 2010: HK\$15,175 million).

Total outstanding balances of bank loans drawn by the Group as at 30 June 2011 amounted to HK\$3,592 million (as at 31 December 2010: HK\$4,112 million, excluding convertible bonds outstanding). The maturity profile of the Group's borrowings as at 30 June 2011 is set out below:

Maturity Profile

<i>Within 1 year</i>	<i>1–2 years</i>	<i>2–5 years</i>	<i>Over 5 years</i>	<i>Total</i>
41.2%	58.8%	0.0%	0.0%	100.0%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank and cash balances to total assets (excluding bank and cash balances)) was nil at the end of the Reporting Period (as at 31 December 2010: nil).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to HK\$166 million at the end of the Reporting Period (as at 31 December 2010: HK\$289 million).

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

Pledge of Assets

As at 30 June 2011, certain of the Group's property and equipment and land use rights with carrying values of HK\$5,627 million and HK\$738 million, respectively (as at 31 December 2010: HK\$5,832 million and HK\$758 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of HK\$172 million as at 30 June 2011 (as at 31 December 2010: HK\$172 million).

Contingent Liabilities and Guarantees

As at 30 June 2011, the Group had total guarantees given to banks of HK\$93 million (as at 31 December 2010: HK\$93 million), which were guarantees in respect of credit facilities granted to an associate and investee companies. The Group had no significant contingent liabilities as at 30 June 2011.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. Funds raised by the Group are on a floating rate basis. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. None of the Group's outstanding borrowings was denominated in a foreign currency at the end of the Reporting Period. 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.

Human Resources

As at 30 June 2011, the Group had 19,630 full-time employees (as at 31 December 2010: 19,585). During the Reporting Period the Group's employee turnover rate was minimal.

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. Employees 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 16.6% for the reporting period, as compared to HK GAAP which gives an Adjusted EBITDA margin of 9.2% for the period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to 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 29 April 2011.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the shareholders, the register of members of the Company will be closed from Friday, 2 September 2011 to Tuesday, 6 September 2011, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for the interim dividend, 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 Thursday, 1 September 2011.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The Group's unaudited interim financial information for the six months ended 30 June 2011 has been reviewed by the Audit Committee of the Company and by the Company's joint auditors in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
SJM HOLDINGS LIMITED
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 10 August 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.