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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 2012

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 2012 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Increase
	2012 <i>HK\$ million</i> (<i>unaudited</i>)	2011 <i>HK\$ million</i> (<i>unaudited</i>)	
Total Group revenue	39,258	37,798	3.9%
Gaming revenue	38,959	37,534	3.8%
Adjusted EBITDA*	3,812	3,493	9.1%
Profit attributable to owners of the Company	3,411	2,666	28.0%
Earnings per share — basic	HK61.7 cents	HK48.6 cents	27.0%
— diluted	HK61.2 cents	HK48.1 cents	27.2%
Interim dividend per ordinary share	HK10 cents	HK8 cents	25.0%

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

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK10 cents per ordinary share of the Company (the “**Share**”) for the six months ended 30 June 2012 (six months ended 30 June 2011: HK8 cents per Share). The interim dividend is expected to be paid on 19 September 2012 to shareholders of the Company whose names appear on the register of members of the Company on 4 September 2012.

OPERATING HIGHLIGHTS

- In addition to the increases in gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company of 3.8%, 9.1% and 28.0%, respectively, from the year-earlier period, the Group’s Adjusted EBITDA Margin (Hong Kong GAAP basis) improved to 9.7% from 9.2%, reflecting greater efficiency of the Group’s operations.
- The Group’s mass market table gaming revenue grew by 15.1%, whilst VIP gaming revenue showed a slight decline of 0.5% during the first half of 2012, compared with the year-earlier period. During the same period slot machines operations revenue grew by 3.2% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“**SJM**”) continued to lead in market share of the Macau casino gaming market, in spite of new gaming capacity introduced into Macau by competitors, with 32.4% of mass market table gaming revenue, 26.0% of VIP gaming revenue, and overall gaming market share of 27.0%.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$22.0 billion as at 30 June 2012.
- The Group continued to obtain excellent performance from its flagship Casino Grand Lisboa, which increased revenue, Adjusted Property EBITDA and attributable profit by 22.2%, 22.5% and 37.6%, respectively, as compared to the year-earlier period.
- Hotel Grand Lisboa achieved average occupancy of 93.2% and average daily room rate of HK\$2,131, increases of 4.4% and 3.2% from the year-earlier period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 HK\$ million (unaudited)	2011 HK\$ million (unaudited)
Gaming, hotel, catering and related services revenues		<u>39,258.1</u>	<u>37,798.3</u>
Gaming revenue	4	38,959.3	37,534.1
Special gaming tax, special levy and gaming premium		<u>(14,994.4)</u>	<u>(14,448.2)</u>
		23,964.9	23,085.9
Hotel, catering and related services income		298.8	264.2
Cost of sales and services on hotel, catering and related services		(130.9)	(116.0)
Other income		199.7	116.3
Marketing and promotional expenses		(17,194.2)	(17,014.4)
Operating and administrative expenses		(3,639.9)	(3,601.2)
Finance costs	5	(55.6)	(65.5)
Share of losses of an associate		(7.6)	(8.1)
Share of profits of a jointly controlled entity		<u>3.0</u>	<u>3.9</u>
Profit before taxation	6	3,438.2	2,665.1
Taxation	7	<u>(13.5)</u>	<u>(8.7)</u>
Profit for the period and total comprehensive income for the period		<u>3,424.7</u>	<u>2,656.4</u>
Profit for the period and total comprehensive income attributable to			
– owners of the Company		3,411.3	2,665.9
– non-controlling interests		<u>13.4</u>	<u>(9.5)</u>
		<u>3,424.7</u>	<u>2,656.4</u>
Earnings per share			
– Basic	9	<u>HK61.7 cents</u>	<u>HK48.6 cents</u>
– Diluted	9	<u>HK61.2 cents</u>	<u>HK48.1 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

		At 30 June 2012	At 31 December 2011
	Notes	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (audited)
Non-current assets			
Property and equipment		8,484.8	8,777.2
Land use rights		760.5	775.2
Intangible asset		30.0	33.2
Art works and diamonds		289.2	289.2
Interest in an associate		21.3	28.9
Interest in a jointly controlled entity		83.5	80.5
Available-for-sale investments in equity securities		—	5.5
Deposits made on acquisitions of property and equipment		198.0	153.0
Amount due from a fellow subsidiary		249.4	268.7
Amount due from an associate		40.8	40.8
Amount due from a jointly controlled entity		14.3	14.3
Amount due from an investee company		120.9	128.9
Pledged bank deposits		636.3	145.6
		<u>10,929.0</u>	<u>10,741.0</u>
Current assets			
Inventories		65.5	68.5
Trade and other receivables	10	1,440.6	1,318.0
Loan receivables		158.0	246.0
Amount due from ultimate holding company		0.9	0.3
Financial assets at fair value through profit or loss		60.2	48.9
Pledged bank deposits		1.3	26.3
Short-term bank deposits		8,192.8	6,011.1
Bank balances and cash		13,203.4	14,559.9
		<u>23,122.7</u>	<u>22,279.0</u>
Current liabilities			
Trade and other payables	11	11,945.5	11,338.8
Amount due to non-controlling interests of a subsidiary		—	324.0
Obligations under finance leases		25.8	25.4
Taxation		30.1	38.8
Current portion of long-term bank loans		2,346.5	3,072.0
		<u>14,347.9</u>	<u>14,799.0</u>
Net current assets		<u>8,774.8</u>	<u>7,480.0</u>
Total assets less current liabilities		<u>19,703.8</u>	<u>18,221.0</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2012

	<i>Notes</i>	At 30 June 2012 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2011 <i>HK\$ million</i> <i>(audited)</i>
Non-current liabilities			
Obligations under finance leases		249.4	268.7
Long-term bank loans		1,608.6	—
Amount due to non-controlling interests of a subsidiary		706.0	690.8
Deferred taxation		19.7	14.9
		<u>2,583.7</u>	<u>974.4</u>
Net assets		<u>17,120.1</u>	<u>17,246.6</u>
Capital and reserves			
Share capital		5,543.5	5,522.1
Reserves		11,533.7	11,685.6
Equity attributable to owners of the Company		17,077.2	17,207.7
Non-controlling interests		42.9	38.9
Total equity		<u>17,120.1</u>	<u>17,246.6</u>

Notes to the Condensed Consolidated Financial Statements

1. Corporate information

The Company is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its subsidiaries are principally engaged in the development and operation of casinos and related facilities in 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 3001-3006, 30th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. Basis of preparation

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

The condensed consolidated financial statements have been prepared on the historical cost basis except that certain financial instruments are measured at fair values. The principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2011.

2.1 Application of new and revised HKFRSs

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

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

2.2 New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle ²
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures ⁴
HKFRS 9	Financial instruments ⁴
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosures of interests in other entities ²
HKFRS 13	Fair value measurements ²
Amendments to HKAS 1	Presentation of financial statements – Presentation of items of other comprehensive income ¹
HKAS 19 (as revised in 2011)	Employee benefits ²
HKAS 27 (as revised in 2011)	Separate financial statements ²
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance ²
HK(IFRIC*) – INT 20	Stripping costs in the production phase of a surface mine ²

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

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

* IFRIC represents the International Financial Reporting Interpretations Committee

The management of the Company anticipates that the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group and the Company. However, the application of HKFRS 12 and HKFRS 13 may result in more extensive disclosures in the consolidated financial statements of the Group.

3. Operating segments

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

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

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2012 <i>HK\$ million</i> <i>(unaudited)</i>	2011 <i>HK\$ million</i> <i>(unaudited)</i>	2012 <i>HK\$ million</i> <i>(unaudited)</i>	2011 <i>HK\$ million</i> <i>(unaudited)</i>
Gaming operations	<u>38,959.3</u>	<u>37,534.1</u>	<u>3,557.6</u>	2,862.5
Hotel and catering operations				
– external sales	298.8	264.2		
– inter-segment sales	139.3	86.2		
	438.1	350.4	(164.2)	(191.2)
Eliminations	(139.3)	(86.2)		
	<u>298.8</u>	<u>264.2</u>		
	39,258.1	37,798.3		
			3,393.4	2,671.3
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated net corporate income (expenses)			38.1	(10.7)
Change in fair value of financial assets				
at fair value through profit or loss			11.3	8.7
Share of losses of an associate			(7.6)	(8.1)
Share of profits of a jointly controlled entity			3.0	3.9
Profit before taxation			3,438.2	2,665.1

Segment results represent the profit earned by each segment without allocation of net corporate income and expenses, change in fair value of financial assets at fair value through profit or loss, share of results of associate/jointly controlled entity and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. Gaming revenue

	Six months ended 30 June	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming revenue from		
– VIP gaming operations	26,469.9	26,609.2
– mass market table gaming operations	11,720.2	10,179.5
– slot machine and other gaming operations	769.2	745.4
	<u>38,959.3</u>	<u>37,534.1</u>

5. Finance costs

	Six months ended 30 June	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on		
– bank borrowings wholly repayable within five years	(27.0)	(33.8)
– finance leases	(3.7)	(6.2)
Imputed interest on amount due to non-controlling interests of a subsidiary	(24.9)	(22.8)
Imputed interest on convertible bonds	—	(2.7)
	<u>(55.6)</u>	<u>(65.5)</u>

6. Profit before taxation

	Six months ended 30 June	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Profit before taxation has been arrived at after charging:</i>		
Allowance for doubtful debts	—	0.1
Amortisation of intangible assets (included in operating and administrative expenses)	3.2	3.2
Depreciation of property and equipment	549.6	560.8
Equity-settled share-based payments to		
– directors of the Company	—	301.2
– staff	0.2	2.9
	0.2	304.1
Loss on disposal of property and equipment	12.7	1.9
Staff costs excluding equity-settled share-based payments	2,143.9	1,909.2
<i>and after crediting:</i>		
Change in fair value of financial assets at fair value through profit or loss	11.3	8.7
Dividend income from financial assets at fair value through profit or loss	—	19.6
Gain on disposal of available-for-sale investments	7.5	—
Interest income from		
– a fellow subsidiary	3.7	6.1
– bank deposits	166.5	55.5
– loan receivables	3.5	3.4
	173.7	65.0

7. Taxation

	Six months ended 30 June	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Current period taxation	(8.7)	(8.7)
Deferred taxation	(4.8)	—
	(13.5)	(8.7)

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. This exemption has been further extended for the years from 2012 to 2016 pursuant to an approval notice from MSAR government dated 23 November 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) (the “**Special Tax**”) for each of the years from 2007 to 2011. The Special Tax for the years from 2012 to 2016 is pending the approval by the MSAR government up to the date of this report. The Special Tax provision of HK\$8.7 million for the six months ended 30 June 2012 is made with reference to the Special Tax for each of the years from 2007 to 2011.

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	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
2010 final dividend of HK30 cents per ordinary share paid	—	1,653.4
2011 final dividend of HK43 cents per ordinary share paid	2,383.7	—
2011 special dividend of HK22 cents per ordinary share paid	1,219.6	—
	<u>3,603.3</u>	<u>1,653.4</u>

On 8 August 2012, the board of directors of the Company has resolved to declare an interim dividend of HK10 cents per ordinary share for the six months ended 30 June 2012 (six months ended 30 June 2011: HK8 cents per ordinary share).

9. Earnings per share

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

	Six months ended 30 June	
	2012	2011
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	3,411.3	2,665.9
Effect of dilutive potential ordinary shares – imputed interest on convertible bonds	—	2.7
	<u>3,411.3</u>	<u>2,668.6</u>
Earnings for the purpose of diluted earnings per share	<u>3,411.3</u>	<u>2,668.6</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,530,425,831	5,491,295,084
Effect of dilutive potential ordinary shares on – share options	41,845,513	45,779,248
– conversion of convertible bonds	—	16,616,860
	<u>5,572,271,344</u>	<u>5,553,691,192</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,572,271,344</u>	<u>5,553,691,192</u>

10. Trade and other receivables

	At	At
	30 June	31 December
	2012	2011
	HK\$ million	HK\$ million
	(unaudited)	(audited)
Advances to gaming promoters	1,017.2	915.7
Other receivables from gaming promoters	36.3	61.8
Prepayments	121.8	94.0
Other receivables (note)	265.3	246.5
	<u>1,440.6</u>	<u>1,318.0</u>

Note:

Other receivables mainly represent deposits paid, interest receivable and current portion of lease receivable from a fellow subsidiary.

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 2012 HK\$ million (unaudited)	At 31 December 2011 HK\$ million (audited)
0 to 30 days	947.2	905.7
31 to 60 days	—	—
61 to 90 days	63.0	—
Over 90 days	7.0	10.0
	<u>1,017.2</u>	<u>915.7</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 promoter. Generally, unsecured credit by reference to commissions accrued/payable to the relevant gaming promoter 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 are repayable on demand.

11. Trade and other payables

	At 30 June 2012 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2011 <i>HK\$ million</i> <i>(audited)</i>
Trade payables	2,120.8	2,184.2
Special gaming tax payable	2,198.1	2,329.6
Chips liabilities	5,494.0	4,991.4
Payables for acquisition of property and equipment	133.5	102.4
Construction payables	113.7	133.8
Deposits received from gaming patrons and gaming promoters	908.4	693.6
Accrued staff costs	310.1	332.9
Rentals payables	165.8	134.5
Withholding tax payables	42.2	38.7
Other payables	458.9	397.7
	<u>11,945.5</u>	<u>11,338.8</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 2012 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2011 <i>HK\$ million</i> <i>(audited)</i>
0 to 30 days	2,107.6	2,159.1
31 to 60 days	5.1	15.0
61 to 90 days	1.6	1.9
Over 90 days	6.5	8.2
	<u>2,120.8</u>	<u>2,184.2</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

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

Group Operating Results

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2012 (“the Reporting Period”) each increased from the year-earlier period:

Group operating results	For the six months ended 30 June		Increase
	2012 <i>HK\$ million</i>	2011 <i>HK\$ million</i>	
Total revenue	39,258	37,798	3.9%
Gaming revenue	38,959	37,534	3.8%
Profit attributable to owners of the Company	3,411	2,666	28.0%
Adjusted EBITDA ¹	3,812	3,493	9.1%
Adjusted EBITDA Margin ²	9.7%	9.2%	

¹ Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations 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 27.0% of total gaming revenue in Macau, compared with 31.1% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau (“DICJ”).

Growth in attributable profit for the Reporting Period mainly reflected lower charges for share-based payments of \$0.2 million as compared with \$304 million in the corresponding period last year. Attributable profit also reflected depreciation and amortisation charges of \$573 million in the Reporting Period, as compared to \$584 million in the corresponding period last year.

The Group's operating results for the six months ended 30 June 2012, as compared to the six months ended 30 June 2011, are as follows:

Operating Results — VIP Gaming

VIP operations	For the six months ended 30 June		Increase/ (Decrease)
	2012	2011	
Gaming revenue (HK\$ million)	26,470	26,609	(0.5)%
Average daily net-win per VIP gaming table (HK\$)	237,646	255,674	(7.1)%
VIP chips sales (HK\$ million)	889,028	927,483	(4.1)%
Average number of VIP gaming tables (Average of month-end numbers)	612	575	6.4%

VIP gaming operations accounted for 67.9% of the Group's total gaming revenue in the Reporting Period, as compared to 70.9% for the corresponding period last year. As at 30 June 2012, SJM had 618 VIP gaming tables in operation with 29 VIP promoters, as compared with 609 VIP gaming tables and 32 VIP promoters as at 31 December 2011.

The Group's gaming revenue from VIP gaming operations amounted to approximately 26.0% of total VIP gaming revenue in Macau, compared to 30.1% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 2.98%, as compared with 2.87% in the corresponding period last year.

Operating Results — Mass Market Table Gaming

Gaming revenue from mass market table gaming operations comprised 30.1% of the Group's total gaming revenue in the Reporting Period, as compared to 27.1% 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)
	2012	2011	
Gaming revenue (HK\$ million)	11,720	10,180	15.1%
Average daily net-win per mass market gaming table (HK\$)	55,323	47,946	15.4%
Average number of mass market gaming tables (Average of month-end numbers)	1,164	1,173	(0.8)%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 32.4% of total mass market table gaming revenue in Macau, compared to 38.2% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,157 mass market gaming tables in its casinos as at 30 June 2012, as compared with 1,166 mass market gaming tables as at 31 December 2011.

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)
	2012	2011	
Gaming revenue (HK\$ million)	769	745	3.2%
Average daily net-win per slot machine (HK\$)	1,102	1,042	5.8%
Average number of slot machines (Average of month-end numbers)	3,832	3,950	(3.0)%

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 12.0% of total slot machine revenue in Macau, compared to 13.8% in the corresponding period last year, according to figures from DICJ.

SJM had 3,769 slot machines, operating in 14 of SJM's casinos and in three slot halls, as at 30 June 2012 as compared with 3,910 slot machines as at 31 December 2011.

Operating Results of Casino Segments — Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa achieved substantial growth in revenue, Adjusted EBITDA and profit contribution in the first half of 2012, due to increased visitation and spending per visitor. Lower share-based payments, lower depreciation charges and higher interest income contributed to higher growth in profit contribution.

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2012	2011	
Revenue (HK\$ million)	13,713	11,223	22.2%
Profit attributable to the Group (HK\$ million)	2,121	1,542	37.6%
Adjusted Property EBITDA ³ (HK\$ million)	2,233	1,823	22.5%
Adjusted Property EBITDA Margin ⁴	16.3%	16.2%	

³ Adjusted Property EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations and share-based payments, and before elimination of inter-company consumption.

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

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

Casino Grand Lisboa	For the six months ended 30 June		Increase/ (Decrease)
	2012	2011	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	10,492	8,362	25.5%
Average daily net-win per VIP gaming table (HK\$)	436,722	388,217	12.5%
VIP chips sales (HK\$ million)	363,071	309,712	17.2%
Average number of VIP gaming tables (Average of month-end numbers)	132	119	10.9%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	2,985	2,630	13.5%
Average daily net-win per mass market gaming table (HK\$)	71,001	57,662	23.1%
Average number of mass market gaming tables (Average of month-end numbers)	231	252	(8.3)%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	236	231	2.2%
Average daily net-win per slot machine (HK\$)	1,703	1,691	0.7%
Average number of slot machines (Average of month-end numbers)	763	756	0.9%

Casino Grand Lisboa received over 6.4 million visitors during the first half of 2012, an average of over 35,000 visitors per day compared with approximately 5.8 million visitors during the first half of 2011, or over 32,000 per day.

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

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai and Casino Jai Alai, all located on the Macau Peninsula. 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”). Revenue and Adjusted Property EBITDA for these operations decreased mainly due to the lower level of VIP chips sales at Casino Lisboa during the period.

Other self-promoted casinos and slot halls	For the six months ended 30 June		Increase/ (Decrease)
	2012	2011	
Revenue (HK\$ million)	5,698	5,931	(3.9)%
Profit attributable to the Group (HK\$ million)	531	516	2.8%
Adjusted Property EBITDA (HK\$ million)	624	672	(7.2)%
Adjusted Property EBITDA Margin	10.9%	11.3%	

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)
	2012	2011	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	3,236	3,585	(9.8)%
Average daily net-win per VIP gaming table (HK\$)	355,579	366,833	(3.1)%
VIP chips sales (HK\$ million)	115,071	129,694	(11.3)%
Average number of VIP gaming tables (Average of month-end numbers)	50	54	(7.4)%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	2,234	2,123	5.2%
Average daily net-win per mass market gaming table (HK\$)	37,999	36,088	5.3%
Average number of mass market gaming tables (Average of month-end numbers)	323	325	(0.6)%

As at 30 June 2012, Casino Lisboa operated a total of 132 mass market gaming tables, 46 VIP gaming tables and 72 slot machines.

As at 30 June 2012, Casino Oceanus at Jai Alai and Casino Jai Alai operated a total of 191 mass market gaming tables, 2 VIP gaming tables and 663 slot machines.

Operating results of Casino Segments — Satellite Casinos and Slot Halls

As at 30 June 2012, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Macau Jockey Club, Casino Greek Mythology, Casino Jimei, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Ponte 16 and Casino Club VIP Legend. The 14 satellite casinos comprised a total of 608 mass market gaming tables, 422 VIP gaming tables and 1,811 slot machines as at 30 June 2012.

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

Revenue and Adjusted Property EBITDA of these casinos and slot halls declined mainly due to the lower level of VIP chips sales, whilst profit contribution of these casinos and slot halls increased due to the decrease in share-based payments.

Satellite casinos and slot halls	For the six months ended 30 June		Increase/ (Decrease)
	2012	2011	
Revenue (HK\$ million)	19,548	20,380	(4.1)%
Profit attributable to the Group (HK\$ million)	824	745	10.6%
Adjusted Property EBITDA (HK\$ million)	802	829	(3.3)%
Adjusted Property EBITDA Margin	4.1%	4.1%	

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)
	2012	2011	
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	12,742	14,662	(13.1)%
Average daily net-win per			
VIP gaming table (HK\$)	162,443	201,506	(19.4)%
VIP chips sales (HK\$ million)	410,886	488,077	(15.8)%
Average number of VIP gaming tables			
(Average of month-end numbers)	431	402	7.2%
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	6,501	5,427	19.8%
Average daily net-win per mass market			
gaming table (HK\$)	58,560	50,304	16.4%
Average number of mass market gaming tables			
(Average of month-end numbers)	610	596	2.3%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	305	291	4.3%
Average daily net-win per slot machine (HK\$)	907	832	9.0%
Average number of slot machine			
(Average of month-end numbers)	1,840	1,934	(4.9)%

Non-gaming Operations

During the Reporting Period, the Grand Lisboa Hotel contributed \$314 million in revenue and \$87 million in Adjusted Property EBITDA to the Group as compared with \$278 million in revenue and \$97 million in Adjusted Property EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 405 average available rooms, averaged 93.2% for the Reporting Period, as compared with 89.3% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$2,131 as compared with \$2,065 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$86 million in revenue to the Group, compared with a contribution of \$72 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 76.3% for the Reporting Period as compared with 67.4% in the corresponding period last year, and the average room rate was \$1,227 as compared with \$1,158 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

Market Environment

During the first half of 2012 Macau's total gaming revenue grew by 19.8% over the corresponding period in 2011, though the growth rate decelerated from January to June. According to figures from the Macau Government Statistics and Census Service, visitation to Macau increased by 2.5% to a record level for the half-year of 13,577,714, of which visitors from the Mainland increased by 8.5% to 8,111,212, or 59.7% of the total. New capacity was added to the supply of gaming and lodging facilities by one competitor in Cotai in the second quarter of 2012.

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 is progressing on a number of initiatives in 2012, which are described below.

- ***at Casino Grand Lisboa***

Several remodeling projects at Casino Grand Lisboa have been undertaken to optimize the configuration of the gaming area. In the first half of 2012, increased capacity for VIP gaming was added on the second and 31st floors of the building, and additional gaming tables were moved to the main mass market gaming floor. Construction work is currently underway to create new VIP capacity on the 9th and 10th floors and to construct an additional stage for promotion and entertainment on the second floor. Popular promotions such as "Treasure Triumph", "Double Goal", and "The Grand Wheel" are held regularly.

- ***at Casino Oceanus At Jai Alai***

In June 2012, the Oceanus Club opened on the third floor of the casino, where Oceanus membership card holders can relax and enjoy various club facilities. Later in 2012 the casino plans to expand its food and beverage offerings by opening its third restaurant, Gem Kitchen, on the second floor, offering deluxe Cantonese cuisine. Promotions for table gaming and slot machines, such as "Golden 3 Minutes", "Treasure Hunt Fantasy" and "Slot Lucky Dragon", are held at various times during the year.

- ***at Ponte 16 Resort***

In April 2012 a group of banks led by Industrial and Commercial Bank of China (Macau) Limited completed syndication of 5-year loan facilities for Ponte 16 in the amounts of HK\$1,900 million and RMB400 million. The proceeds will be used primarily to refinance existing credit facilities, to repay shareholders' loans and to fund the construction of Phase III development of the Resort. Phase III will be a riverside commercial complex with total floor area of approximately 40,000 square metres. In addition to shopping and dining facilities the complex will encompass space for gaming expansion, car parks and the iconic Pier 16 clock tower, and is planned to be completed by 2014.

Future Projects

SJM is in an advanced stage of discussion with the Macau government regarding its application for a development site with approved development area of 70,468 square metres adjacent to the Macau East Asian Games Dome. Subject to final government approvals, the Company plans to develop an integrated gaming resort on this site over the next several years, with facilities encompassing mass market and VIP gaming, lodging, dining and entertainment.

Outlook

The Group's performance in the second half of 2012 will remain susceptible to the overall economic performance of the surrounding region and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the mass market and VIP gaming segments while striving to improve its operating efficiency. The Group is optimistic regarding its performance for the rest of the year.

FINANCIAL REVIEW

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

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong financial position during the Reporting Period, with bank balances and cash amounting to \$21,396 million (not including \$638 million pledged bank deposits) as at 30 June 2012. This represented an increase of 4.0% as compared with the position as at 31 December 2011 of \$20,571 million. The increase was mainly attributable to the increase in EBITDA and working capital throughout the Reporting Period.

During the Reporting Period, 5-year loan facilities were signed with a syndicate of banks for Phase III of the Ponte 16 development in the total amounts of HK\$1,900 million and RMB400 million, of which the Company's share would be 51%.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2012 amounted to \$3,955 million (as at 31 December 2011: \$3,072 million). The maturity profile of the Group's borrowings as at 30 June 2012 is set out below:

Maturity Profile

<i>Within 1 year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>Total</i>
59.3%	5.9%	34.8%	100.0%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of the Reporting Period (as at 31 December 2011: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$844 million at the end of the Reporting Period (as at 31 December 2011: \$158 million).

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

Pledge of Assets

As at 30 June 2012, certain of the Group's property and equipment and land use rights with carrying values of \$5,195 million and \$704 million, respectively (as at 31 December 2011: \$5,415 million and \$718 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$638 million as at 30 June 2012 (as at 31 December 2011: \$172 million).

Contingent Liabilities and Guarantees

As at 30 June 2012, the Group had total guarantees given to banks of \$87 million (as at 31 December 2011: \$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 2012.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. Funds raised by the Group are on a floating rate basis. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. As at the end of the Reporting Period, less than 13% of the Group's outstanding borrowings were denominated in a foreign currency, of which the foreign exchange rate risk has been fully set off with a matching amount of deposits in the foreign currency. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. Over 97% of the Group's bank deposits, which exclude the deposits used to set off the borrowing denominated in foreign currency, are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy not to engage in speculative trading activity.

Material Acquisitions and Disposals

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

Human Resources

As at 30 June 2012, the Group had approximately 20,660 full-time employees. The Group's employee turnover rate was minimal in the first half of 2012.

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

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

Comparison with United States GAAP Accounting

The Group's results are prepared in compliance with Hong Kong generally accepted accounting principles ("**HK GAAP**"). In comparing the Group's results to those of companies whose results are prepared under US GAAP, it should be noted that gross gaming revenues, presented under US GAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An Adjusted EBITDA would then be calculated based on these reduced net gaming revenues, resulting in a significantly higher Adjusted EBITDA margin than that calculated under HK GAAP. If calculated under US GAAP, the Group's Adjusted EBITDA margin would be approximately 17.1% for the Reporting Period, as compared to HK GAAP which gives an Adjusted EBITDA margin of 9.7% 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 2012.

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 period from 1 January 2012 to 31 March 2012, the Company has complied with the code provisions of the former Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules; and during the period from 1 April 2012 to 30 June 2012, the Company has complied with the code provisions of the existing Corporate Governance Code and Corporate Governance Report as set out in that Appendix, except for the deviations from the following existing code provisions:

A.6.7: Mr. Chau Tak Hay, an independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 10 May 2012 (the "**2012 AGM**") as he was absent from Hong Kong on that day. Mr. Shek Lai Him, Abraham, an independent non-executive director of the Company and Dato' Dr. Cheng Yu Tung, a non-executive director of the Company, were unable to attend the 2012 AGM due to prior business commitment.

E.1.2: Due to health reason, Dr. Ho Hung Sun, Stanley was absent from the 2012 AGM.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend	:	31 August 2012 to 4 September 2012
Record date for interim dividend	:	4 September 2012
Expected payment date	:	19 September 2012
Latest time to lodge transfer documents with the Company's share registrar to entitle interim dividend	:	4:30 p.m. on 30 August 2012
Name and address of the Company's share registrar	:	Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have 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, 8 August 2012

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.