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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 2018**

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2018 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Increase
	2018 <i>HK\$ million</i> (unaudited)	2017 <i>HK\$ million</i> (unaudited)	
Total Group net revenue	17,197	15,674	9.7%
Net gaming revenue	16,843	15,362	9.6%
Adjusted EBITDA*	1,959	1,508	29.9%
Profit attributable to owners of the Company	1,498	955	56.8%
Earnings per share — basic	HK26.5 cents	HK16.9 cents	56.8%
— diluted	HK26.5 cents	HK16.9 cents	56.8%
Interim dividend per ordinary share	HK8.0 cents	HK5.0 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, donations, gain on disposal of property and equipment and share-based payments.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK8 cents per ordinary share of the Company (the “**Share**”) for the six months ended 30 June 2018 (six months ended 30 June 2017: HK5 cents per Share). The interim dividend is expected to be paid on 28 September 2018 to shareholders of the Company whose names appear on the register of members of the Company on 14 September 2018.

OPERATING HIGHLIGHTS

- The Group’s net gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company increased by 9.6%, 29.9% and 56.8%, respectively, from the year-earlier period, whilst the Group’s Adjusted EBITDA Margin increased to 11.4% from 9.6%.
- Mass market gross table gaming revenue of the Group increased by 13.3% and VIP gross gaming revenue showed an increase of 1.4% during the first half of 2018, compared with the year-earlier period. During the same period, slot machine gross revenue increased by 12.0% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“**SJM**”) had a 15.1% share of Macau’s gaming revenue, including 20.2% of mass market table gross gaming revenue and 12.2% of VIP gross gaming revenue.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$21,915 million as at 30 June 2018.
- The Group’s flagship Casino Grand Lisboa increased gross gaming revenue, Adjusted Grand Lisboa EBITDA and attributable profit by 8.1%, 29.0% and 41.0%, respectively, as compared with the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa increased by 3.0% from the year-earlier period to 96.3%. Average daily room rate decreased during the period by 4.6% to HK\$1,503.
- Construction of the Grand Lisboa Palace, the Group’s integrated resort on Cotai, continued in 2018. The Group is striving for construction to complete by the end of 2018 and to seek the relevant licenses to begin operation as soon as possible thereafter.

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

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018	2017
		HK\$ million	HK\$ million
		(unaudited)	(unaudited)
			(restated)
Gaming, hotel, catering, retail and related services revenues		<u>17,196.6</u>	<u>15,673.5</u>
Gaming revenue	4	16,843.3	15,362.2
Special gaming tax, special levy and gaming premium		<u>(8,531.4)</u>	<u>(7,940.7)</u>
		8,311.9	7,421.5
Hotel, catering, retail and related services income		353.3	311.3
Cost of sales and services on hotel, catering, retail and related services		(186.6)	(148.3)
Other income, gains and losses		161.4	80.7
Marketing and promotional expenses		(2,811.4)	(2,392.7)
Operating and administrative expenses		(4,298.3)	(4,311.9)
Finance costs	5	(13.6)	(18.4)
Share of profits of an associate		8.6	19.7
Share of profits of a joint venture		<u>3.2</u>	<u>2.9</u>
Profit before taxation	6	1,528.5	964.8
Taxation	7	<u>(10.4)</u>	<u>(16.5)</u>
Profit for the period		1,518.1	948.3
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		31.6	—
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments in equity securities		—	(31.4)
Total comprehensive income for the period		<u>1,549.7</u>	<u>916.9</u>
Profit (loss) for the period attributable to:			
owners of the Company		1,498.1	955.4
non-controlling interests		<u>20.0</u>	<u>(7.1)</u>
		<u>1,518.1</u>	<u>948.3</u>
Total comprehensive income (expense) for the period attributable to:			
owners of the Company		1,529.7	924.0
non-controlling interests		<u>20.0</u>	<u>(7.1)</u>
		<u>1,549.7</u>	<u>916.9</u>
Earnings per share:			
Basic	9	<u>HK26.5 cents</u>	<u>HK16.9 cents</u>
Diluted	9	<u>HK26.5 cents</u>	<u>HK16.9 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
Non-current assets			
Property and equipment		26,967.9	24,690.4
Land use rights		2,330.4	2,396.8
Art works and diamonds		281.3	281.3
Interest in an associate		286.2	257.8
Interest in a joint venture		124.3	121.1
Available-for-sale investments in equity securities	2	—	244.6
Investments in equity instruments designated at fair value through other comprehensive income	2	681.5	—
Other assets		1,064.1	925.4
Pledged bank deposits		<u>145.6</u>	<u>145.6</u>
		<u>31,881.3</u>	<u>29,063.0</u>
Current assets			
Inventories		84.4	82.7
Trade and other receivables	10	1,235.9	1,165.6
Amount due from ultimate holding company		0.1	—
Financial assets at fair value through profit or loss	2	—	84.3
Pledged bank deposits		1.3	1.3
Short-term bank deposits		12,943.6	9,719.1
Bank balances and cash		<u>8,824.8</u>	<u>6,171.0</u>
		<u>23,090.1</u>	<u>17,224.0</u>
Current liabilities			
Trade and other payables	11	11,300.4	11,173.8
Taxation payable		90.0	84.7
Long-term bank loans		<u>1,700.0</u>	<u>200.0</u>
		<u>13,090.4</u>	<u>11,458.5</u>
Net current assets		<u>9,999.7</u>	<u>5,765.5</u>
Total assets less current liabilities		<u>41,881.0</u>	<u>34,828.5</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2018*

		At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
Non-current liabilities			
Other payables	11	1,232.9	1,094.2
Long-term bank loans		13,835.0	7,935.0
Amounts due to non-controlling interests of subsidiaries		283.5	280.0
Deferred taxation		32.7	50.1
		<u>15,384.1</u>	<u>9,359.3</u>
Net assets		<u>26,496.9</u>	<u>25,469.2</u>
Capital and reserves			
Share capital		11,246.3	11,241.5
Reserves		<u>15,158.2</u>	<u>14,155.3</u>
Equity attributable to owners of the Company		26,404.5	25,396.8
Non-controlling interests		<u>92.4</u>	<u>72.4</u>
Total equity		<u>26,496.9</u>	<u>25,469.2</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 of the People's Republic of China (the "**Macau SAR**"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A., a company established in the Macau SAR. The address of the registered office and principal place of business of the Company is Suites 3001–3006, 30th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2. BASIS OF PREPARATION (Continued)

The effects of the initial application of HKFRS 15 on the results for the current and preceding periods by line item presented in the condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	Six months ended 30 June 2017 (originally stated) <i>HK\$ million</i>	Adjustments <i>HK\$ million</i>	Six months ended 30 June 2017 (restated) <i>HK\$ million</i>
Gaming revenue	20,375.0	(5,012.8)	15,362.2
Hotel, catering, retail and related services income	265.9	45.4	311.3
Cost of sales and services on hotel, catering, retail and related services	(123.4)	(24.9)	(148.3)
Marketing and promotional expenses	(7,358.1)	4,965.4	(2,392.7)
Operating and administrative expenses	<u>(4,338.8)</u>	<u>26.9</u>	<u>(4,311.9)</u>

For effects of the initial application of HKFRS 9, as at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

	Available-for-sale ("AFS") investments in equity securities <i>HK\$ million</i>	Financial assets at fair value through profit or loss ("FVTPL") <i>HK\$ million</i>	Investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI") <i>HK\$ million</i>	Investment revaluation reserve <i>HK\$ million</i>	Retained profits <i>HK\$ million</i>
Closing balance at 31 December 2017 — HKAS 39	244.6	84.3	—	14.6	13,248.6
Effect arising from initial application of HKFRS 9:					
Reclassification					
From AFS	(244.6)	—	244.6	(250.0)	250.0
From FVTPL	—	(84.3)	84.3	(26.1)	26.1
Remeasurement					
From cost less impairment to fair value	—	—	321.0	321.0	—
	<u>(244.6)</u>	<u>(84.3)</u>	<u>649.9</u>	<u>44.9</u>	<u>276.1</u>
Opening balance at 1 January 2018	<u>—*</u>	<u>—*</u>	<u>649.9*</u>	<u>59.5*</u>	<u>13,524.7</u>
* The movement during the period:					
Adjusted balance at 1 January 2018	—	—	649.9	59.5	
Other comprehensive income during the period	—	—	31.6	31.6	
At 30 June 2018	<u>—</u>	<u>—</u>	<u>681.5</u>	<u>91.1</u>	

2. BASIS OF PREPARATION (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 Prepayment Features with Negative Compensation in advance of the effective date, i.e. 1 January 2019.

Except application of HKFRS 9 and HKFRS 15, the application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior interim periods and/or disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENTS

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions.

The CODM regularly analyses gaming operations in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations, and the relevant revenues and operating result are reviewed as a whole for resources allocation and performance assessment. For hotel, catering and retail operations, the CODM regularly reviews the performance on the basis of the individual hotel. For segment reporting under HKFRS 8, financial information of the Group's hotels with similar economic characteristics has been aggregated into a single operating segment named “hotel, catering and retail operations”.

3. OPERATING SEGMENTS (Continued)

Segment information about these business is presented below:

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

	<u>Segment revenue</u>		<u>Segment results</u>	
	2018 <i>HK\$ million</i> (unaudited)	Six months ended 30 June 2017 <i>HK\$ million</i> (unaudited) (restated)	2018 <i>HK\$ million</i> (unaudited)	2017 <i>HK\$ million</i> (unaudited)
Gaming operations: recognised at point of time	<u>16,843.3</u>	<u>15,362.2</u>	1,740.6	1,171.5
Hotel, catering and retail operations: External sales: Catering and retail operations: recognised at point of time	212.5	185.8		
Hotel operations: recognised over time	<u>140.8</u>	<u>125.5</u>		
	<u>353.3</u>	<u>311.3</u>		
Inter-segment sales: Catering and retail operations: recognised at point of time	43.4	46.5		
Hotel operations: recognised over time	<u>35.3</u>	<u>35.3</u>		
	<u>78.7</u>	<u>81.8</u>		
	432.0	393.1	(223.6)	(208.6)
Eliminations	<u>(78.7)</u>	<u>(81.8)</u>		
	<u>353.3</u>	<u>311.3</u>		
Total: recognised at point of time	17,055.8	15,548.0		
recognised over time	<u>140.8</u>	<u>125.5</u>		
	<u>17,196.6</u>	<u>15,673.5</u>		
			1,517.0	962.9
<i>Reconciliation from segment results to profit before taxation:</i>				
Unallocated corporate income			100.5	25.2
Unallocated corporate expenses			(100.8)	(56.7)
Change in fair value of financial assets at FVTPL			—	10.8
Share of profits of an associate			8.6	19.7
Share of profits of a joint venture			<u>3.2</u>	<u>2.9</u>
Profit before taxation			<u>1,528.5</u>	<u>964.8</u>

3. OPERATING SEGMENTS (Continued)

Segment results represent the profit before taxation earned by each segment without allocation of corporate income and expenses, change in fair value of financial assets at FVTPL and share of profits of an associate/a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

(b) An analysis of the Group's assets and liabilities by operating segments is as follows:

	At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
<i>Assets</i>		
Segment assets:		
gaming operations	15,114.0	12,761.1
hotel, catering and retail operations	<u>4,751.2</u>	<u>5,050.6</u>
	19,865.2	17,811.7
Interest in an associate	286.2	257.8
Interest in a joint venture	124.3	121.1
Unallocated bank deposits, bank balances and cash	10,307.6	7,095.9
Other unallocated assets	<u>24,388.1</u>	<u>21,000.5</u>
Group's total	<u><u>54,971.4</u></u>	<u><u>46,287.0</u></u>
<i>Liabilities</i>		
Long-term bank loans:		
gaming operations	15,083.8	7,599.5
hotel, catering and retail operations	160.0	190.0
unallocated corporate bank loans	<u>291.2</u>	<u>345.5</u>
	<u>15,535.0</u>	<u>8,135.0</u>
Other segment liabilities:		
gaming operations	10,549.1	10,199.1
hotel, catering and retail operations	<u>248.4</u>	<u>267.3</u>
	<u>10,797.5</u>	<u>10,466.4</u>
Total segment liabilities	26,332.5	18,601.4
Unallocated liabilities	<u>2,142.0</u>	<u>2,216.4</u>
Group's total	<u><u>28,474.5</u></u>	<u><u>20,817.8</u></u>

3. OPERATING SEGMENTS (Continued)

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

- (i) other unallocated assets include mainly certain property and equipment, certain land use rights, art works and diamonds, amounts due from an associate/a joint venture/an investee company, AFS investments in equity securities, investments in equity instruments designated at FVTOCI and financial assets at FVTPL.
- (ii) unallocated liabilities include mainly certain construction payable, payable for acquisition of land use rights and amounts due to non-controlling interests of a subsidiary.
- (iii) all assets are allocated to operating segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

4. GAMING REVENUE

	Six months ended 30 June	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited) (restated)
Gaming revenue from:		
VIP gaming operations	9,957.5	9,817.9
mass market table gaming operations	11,487.4	10,135.2
slot machine and other gaming operations	582.0	519.8
	22,026.9	20,472.9
Less: commissions and incentives	(5,183.6)	(5,110.7)
	16,843.3	15,362.2

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Interests on:		
bank loans	169.7	8.8
payable for acquisition of land use rights	—	3.3
Imputed interest on amount due to non-controlling interests of a subsidiary	<u>3.5</u>	<u>9.6</u>
	173.2	21.7
Less: Amount capitalised	<u>(159.6)</u>	<u>(3.3)</u>
	<u><u>13.6</u></u>	<u><u>18.4</u></u>

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$2.0 million (six months ended 30 June 2017: HK\$26.4 million)	53.4	86.2
Less: Amount capitalised	<u>(5.2)</u>	<u>(6.5)</u>
	<u>48.2</u>	<u>79.7</u>
Other staff costs	2,828.6	2,846.4
Share-based payments to other staff	<u>0.3</u>	<u>3.9</u>
Total other staff costs	<u>2,828.9</u>	<u>2,850.3</u>
Total employee benefit expenses	<u>2,877.1</u>	<u>2,930.0</u>
Amortisation of intangible asset (included in operating and administrative expenses)	—	1.6
Depreciation of property and equipment	605.3	590.9
Operating lease rentals in respect of land use rights	22.9	22.7
Loss on disposal of property and equipment	0.1	—
Share-based payments to other participants (included in operating and administrative expenses)	—	0.2
<i>and after crediting:</i>		
Interest income from		
— bank deposits	129.5	52.3
— others	<u>—</u>	<u>0.4</u>
	<u>129.5</u>	<u>52.7</u>
Dividend income	16.7	—
Gain on change in fair value of financial assets at FVTPL	—	10.8
Gain on disposal of property and equipment	<u>—</u>	<u>1.8</u>

7. TAXATION

	Six months ended 30 June	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Current tax — Macau SAR Complementary Tax	27.8	32.9
Deferred taxation	<u>(17.4)</u>	<u>(16.4)</u>
	<u>10.4</u>	<u>16.5</u>

No provision for Macau SAR Complementary Tax (“CT”) on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notice issued by the Macau SAR government dated 27 September 2016, SJM has been exempted from CT for income generated from gaming operations for the years from 2017 to 2020.

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR government on dividend distributed by SJM (the “**Special Complementary Tax**”) for the period from 1 January 2017 to 31 March 2020, SJM’s shareholders were obligated to pay the dividend tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended/ending 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ending 31 March 2020. During the period, the Company, as a shareholder of SJM, were obligated to pay HK\$11.3 million (six months ended 30 June 2017: HK\$11.3 million).

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

No provision for taxation in other jurisdictions (including Hong Kong) is made as the Group’s operations outside Macau SAR have no assessable taxable profits arising from the respective jurisdictions.

8. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Final dividend per ordinary share		
— HK15 cents for 2017	848.8	—
— HK18 cents for 2016	—	1,018.3
	<u>848.8</u>	<u>1,018.3</u>

On 31 July 2018, the board of directors of the Company has resolved to declare an interim dividend of HK8 cents per ordinary share amounting to HK\$452.7 million in aggregate for the six months ended 30 June 2018 (six months ended 30 June 2017: 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	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>1,498.1</u>	<u>955.4</u>
	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,658,308,188	5,657,243,381
Effect of dilutive potential ordinary shares on share options	<u>2,873,344</u>	<u>3,710,446</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,661,181,532</u>	<u>5,660,953,827</u>

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
Advances to gaming promoters, net	139.5	268.0
Other receivables from gaming promoters and service providers, net	894.7	899.9
Prepayments	236.7	154.9
Other sundry receivables	298.3	320.6
Advances to constructors	<u>144.5</u>	<u>—</u>
	1,713.7	1,643.4
Less: Non-current portion	<u>(477.8)</u>	<u>(477.8)</u>
Current portion	<u><u>1,235.9</u></u>	<u><u>1,165.6</u></u>

Advances to gaming promoters mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 30 June 2018, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

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

Other receivables from gaming promoters and service providers represent certain costs to be reimbursed from gaming promoters and service providers. With the consent of gaming promoters and service providers, the Group can offset the outstanding balances against commission and service fee payables to or deposits from relevant gaming promoters and service providers. In the event that a gaming promoter or service provider fails to repay, the Group has the right, pursuant to the relevant gaming promoter agreement or service provider agreement, to offset or withhold the payables to that gaming promoter or service provider, realise cheques and execute guarantees, if any.

10. TRADE AND OTHER RECEIVABLES (Continued)

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 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
0 to 30 days	139.5	224.6
31 to 60 days	<u>—</u>	<u>43.4</u>
	<u>139.5</u>	<u>268.0</u>

Other sundry receivables mainly include deposits paid for rentals and operating supplies, interest receivable and credit card receivables.

11. TRADE AND OTHER PAYABLES

	At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
Trade payables	1,232.1	1,248.8
Special gaming tax payable	1,364.4	1,306.1
Chips in circulation	5,149.8	4,987.7
Chips in custody and deposits received from gaming promoters and gaming patrons	559.3	516.4
Payable for acquisition of property and equipment	33.9	50.7
Construction payables	2,088.7	2,140.9
Accrued staff costs	1,520.5	1,472.6
Rentals payables	163.4	157.1
Withholding tax payable for gaming promoters and employees	19.2	19.2
Other sundry payables and accruals	<u>402.0</u>	<u>368.5</u>
	12,533.3	12,268.0
Less: Non-current portion	<u>(1,232.9)</u>	<u>(1,094.2)</u>
Current portion	<u>11,300.4</u>	<u>11,173.8</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:

<i>Age</i>	At 30 June 2018 <i>HK\$ million</i> (unaudited)	At 31 December 2017 <i>HK\$ million</i> (audited)
0 to 30 days	1,215.6	1,224.5
31 to 60 days	9.7	14.4
61 to 90 days	3.2	5.2
Over 90 days	3.6	4.7
	<u>1,232.1</u>	<u>1,248.8</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 settled within the credit timeframe.

BUSINESS REVIEW

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

Group Operating Results

The Group's total net revenue, net gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2018 (“the Reporting Period”) each increased from the year-earlier period:

Group operating results	For the six months ended 30 June		Increase
	2018 HK\$ million	2017 HK\$ million	
Total net revenue	17,197	15,674	9.7%
Net gaming revenue	16,843	15,362	9.6%
Profit attributable to owners of the Company	1,498	955	56.8%
Adjusted EBITDA ¹	1,959	1,508	29.9%
Adjusted EBITDA Margin ²	11.4%	9.6%	

¹ Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments.

² Adjusted EBITDA Margin is Adjusted EBITDA divided by total net revenue.

During the Reporting Period, the Group's gross gaming revenue amounted to approximately 15.1% of total gaming revenue in Macau, compared with 16.7% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau (“DICJ”).

Attributable profit in the Reporting Period was affected by deductions of share-based payments of \$2 million, as compared with \$31 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$627 million, as compared to \$614 million in the corresponding period last year.

The Group's operating results for the six months ended 30 June 2018, as compared to the six months ended 30 June 2017, are as follows:

Operating Results — VIP Gaming

VIP operations	For the six months ended 30 June		Increase/ (Decrease)
	2018	2017	
Gross gaming revenue (HK\$ million)	9,958	9,818	1.4%
Average daily net-win per VIP gaming table (HK\$)	192,355	179,018	7.4%
VIP chips sales (HK\$ million)	350,765	316,973	10.7%
Average number of VIP gaming tables (Average of month-end numbers)	286	303	(5.6%)

VIP gaming operations accounted for 45.2% of the Group's total gross gaming revenue in the Reporting Period, as compared to 48.0% for the corresponding period last year. As at 30 June 2018, SJM had 291 VIP gaming tables in operation with 18 VIP promoters, as compared with 279 VIP gaming tables and 19 VIP promoters as at 31 December 2017.

The Group's gross gaming revenue from VIP gaming operations amounted to approximately 12.2% of total VIP gaming revenue in Macau, compared to 14.2% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 2.84%, as compared with 3.10% in the corresponding period last year.

Operating Results — Mass Market Table Gaming

Gross gaming revenue from mass market table gaming operations comprised 52.2% of the Group's total gross gaming revenue in the Reporting Period, as compared to 49.5% 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
	2018	2017	
Gross gaming revenue (HK\$ million)	11,487	10,135	13.3%
Average daily net-win per mass market gaming table (HK\$)	44,916	40,401	11.2%
Average number of mass market gaming tables (Average of month-end numbers)	1,413	1,386	1.9%

In the Reporting Period, the Group's gross gaming revenue from mass market table gaming operations amounted to approximately 20.2% of total mass market table gaming revenue in Macau, compared to 21.4% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,408 mass market gaming tables in its casinos as at 30 June 2018, as compared with 1,424 mass market gaming tables as at 31 December 2017.

Operating Results — Slot Machines and Other Gaming Operations

Gross gaming revenue from slot machine operations, which include other electronic gaming machines, comprised 2.6% of total gross gaming revenue in the Reporting Period, as compared to 2.5% 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
	2018	2017	
Gross gaming revenue (HK\$ million)	582	520	12.0%
Average daily net-win per slot machine (HK\$)	1,172	1,070	9.6%
Average number of slot machines (Average of month-end numbers)	2,743	2,684	2.2%

In the Reporting Period, the Group's gross gaming revenue from slot machine operations amounted to approximately 7.9% of total slot machine revenue in Macau, compared to 8.5% in the corresponding period last year, according to figures from DICJ.

SJM had 2,797 slot machines, operating in 13 of its casinos, as at 30 June 2018 as compared with 2,473 slot machines as at 31 December 2017.

Operating Results — Casino Grand Lisboa

Casino Grand Lisboa	For the six months ended 30 June		Increase
	2018	2017	
Gross gaming revenue (HK\$ million)	7,949	7,356	8.1%
Profit attributable to the Group (HK\$ million)	999	708	41.0%
Adjusted Grand Lisboa EBITDA ³ (HK\$ million)	1,093	847	29.0%
Adjusted Grand Lisboa EBITDA Margin (over gross gaming revenue)	13.7%	11.5%	

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

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the six months ended 30 June		Increase/ (Decrease)
	2018	2017	
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	5,114	4,952	3.3%
Average daily net-win per VIP gaming table (HK\$)	247,845	220,653	12.3%
VIP chips sales (HK\$ million)	195,103	176,598	10.5%
Average number of VIP gaming tables (Average of month-end numbers)	114	124	(8.1%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	2,606	2,205	18.2%
Average daily net-win per mass market gaming table (HK\$)	52,351	44,949	16.5%
Average number of mass market gaming tables (Average of month-end numbers)	275	271	1.5%
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	229	199	15.2%
Average daily net-win per slot machine (HK\$)	1,549	1,348	14.9%
Average number of slot machines (Average of month-end numbers)	816	814	0.2%

Casino Grand Lisboa received over 5.6 million visitors during the Reporting Period, an average of approximately 31,000 visitors per day compared with approximately 5.0 million visitors during the first half of 2017, or approximately 28,000 visitors per day.

Operating Results — Other Self-promoted Casinos

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai (including the casino area in the Jai Alai building) and Casino Taipa (collectively, “Other Self-promoted Casinos”).

Other self-promoted casinos	For the six months ended 30 June		Increase/ (Decrease)
	2018	2017	
Gross gaming revenue (HK\$ million)	3,034	3,080	(1.5%)
Profit attributable to the Group (HK\$ million)	278	165	68.4%
Adjusted EBITDA (HK\$ million)	402	303	32.6%
Adjusted EBITDA Margin (over gross gaming revenue)	13.2%	9.8%	

Operating results of other self-promoted casinos are as follows:

Other self-promoted casinos	For the six months ended 30 June		Increase/ (Decrease)
	2018	2017	
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	765	999	(23.4%)
Average daily net-win per VIP gaming table (HK\$)	150,954	197,188	(23.4%)
VIP chips sales (HK\$ million)	29,307	32,696	(10.4%)
Average number of VIP gaming tables (Average of month-end numbers)	28	28	—
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	2,120	1,959	8.2%
Average daily net-win per mass market gaming table (HK\$)	33,370	29,495	13.1%
Average number of mass market gaming tables (Average of month-end numbers)	351	367	(4.4%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	149	121	23.2%
Average daily net-win per slot machine (HK\$)	1,054	872	20.8%
Average number of slot machines (Average of month-end numbers)	781	766	2.0%

As at 30 June 2018, Casino Lisboa operated a total of 109 mass market gaming tables, 28 VIP gaming tables and 161 slot machines, and Casino Oceanus at Jai Alai operated a total of 198 mass market gaming tables and 474 slot machines, plus 37 mass market gaming tables and 88 slot machines in the casino area of the Jai Alai building. Casino Taipa operated 5 mass market gaming tables and 101 slot machines.

Operating Results — Satellite Casinos

As at 30 June 2018, SJM operated 16 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Club VIP Legend, Casino Diamond, Casino Eastern, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Legend Palace, Casino Macau Jockey Club, Casino Ponte 16 and Casino Royal Dragon. The 16 satellite casinos comprised a total of 785 mass market gaming tables, 149 VIP gaming tables and 1,157 slot machines as at 30 June 2018.

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

Satellite casinos	For the six months ended 30 June		Increase
	2018	2017	
Gross gaming revenue (HK\$ million)	11,044	10,038	10.0%
Profit attributable to the Group (HK\$ million)	417	283	47.2%
Adjusted EBITDA (HK\$ million)	395	295	33.8%
Adjusted EBITDA Margin (over gross gaming revenue)	3.6%	2.9%	

Operating results of satellite casinos are as follows:

Satellite casinos	For the six months ended 30 June		Increase/ (Decrease)
	2018	2017	
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	4,078	3,866	5.5%
Average daily net-win per VIP gaming table (HK\$)	156,476	141,460	10.6%
VIP chips sales (HK\$ million)	126,356	107,679	17.3%
Average number of VIP gaming tables (Average of month-end numbers)	144	151	(4.6%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	6,762	5,971	13.2%
Average daily net-win per mass market gaming table (HK\$)	47,467	44,104	7.6%
Average number of mass market gaming tables (Average of month-end numbers)	787	748	5.2%
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	204	200	2.1%
Average daily net-win per slot machine (HK\$)	985	1,002	(1.7%)
Average number of slot machine (Average of month-end numbers)	1,146	1,104	3.8%

Non-gaming Operations

During the Reporting Period, the Grand Lisboa Hotel contributed \$256 million in revenue and \$25 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$259 million in revenue and \$37 million in Adjusted Grand Lisboa EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 96.3% for the Reporting Period, as compared with 93.3% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,503 as compared with \$1,575 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$102 million in revenue to the Group, compared with a contribution of \$92 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 92.4% for the Reporting Period as compared with 88.8% in the corresponding period last year, and the average room rate was \$1,103 as compared with \$1,024 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

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

Market Environment

During the first half of 2018 Macau's total gaming revenue increased by 18.9% over the corresponding period in 2017. One new casino resort opened in the Cotai area of Macau by a competitor in the first half of 2018. According to figures from the Macau Government Statistics and Census Service, visitor arrivals to Macau in the first half of 2018 increased by 8.0% to 16.8 million, of which visitors from Mainland China increased by 13.3% to 11.7 million, or 69.6% of the total.

Current and Recent Initiatives

Grand Lisboa Palace

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began in February 2014, made good progress in the first half of 2018, following setbacks which occurred in the second half of 2017 due to Typhoon Hato and a fire. SJM aims to complete construction of the project by the end of 2018.

When open, which is expected by the second half of 2019, the Grand Lisboa Palace will comprise a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area will be devoted to a full range of nongaming facilities, including hotel towers bearing the insignia "Grand Lisboa Palace", "Palazzo Versace" and "Karl Lagerfeld", totaling approximately 2,000 rooms, plus facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated total project cost of approximately \$36 billion.

SJM signed a \$25 billion syndicated loan facilities agreement in April 2017 primarily to finance the construction costs of the Grand Lisboa Palace. Of these facilities, \$15 billion had been drawn by the end of the first half of 2018.

As at 30 June 2018, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$12.5 billion.

Oceanus at Jai Alai Complex

SJM opened the Jai Alai Hotel in November 2017, adding lodging capacity of 132 rooms and two restaurants to the Oceanus at Jai Alai Complex. Previously the casino area in the Jai Alai building had been opened in December 2016 and the JA Avenue retail arcade, which focuses on brand cosmetics and beauty aids, opened in April 2017.

OUTLOOK

The Group's performance in the second half of 2018 will remain susceptible to the overall economic performance of the surrounding region, government regulatory policies, 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, with bank balances and cash amounting to \$21,768 million (not including \$147 million pledged bank deposits) as at 30 June 2018. This represented an increase of 37.0% as compared with the position as at 31 December 2017 of \$15,890 million. The increase was mainly attributable to cash inflows for drawdown of syndicated loan facilities during the year.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2018 amounted to \$15,535 million (as at 31 December 2017: \$8,135 million). The maturity of the Group's borrowings as at 30 June 2018 is as follows:

Maturity Profile			
Within 1 year	1–2 years	2–5 years	Total
11%	21%	68%	100%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of the Reporting Period (as at 31 December 2017: zero).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$12.8 billion as at 30 June 2018 (as at 31 December 2017: \$15.6 billion), of which \$12.5 billion were for the Grand Lisboa Palace project. As at 30 June 2018, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$36 billion, including capital expenditure commitments to date.

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

Pledge of Assets

As at 30 June 2018, certain of the Group's property and equipment and land use rights with carrying values of \$24,178 million and \$1,845 million, respectively (as at 31 December 2017: \$21,762 million and \$1,892 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2018 (as at 31 December 2017: \$147 million).

Contingent Liabilities and Guarantees

As at 30 June 2018, the total amount of guarantees of the Group given to banks of \$87 million (as at 31 December 2017: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 30 June 2018.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to the risks of currency and interest rate. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. 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 to avoid speculative trading activity.

Material Acquisitions and Disposals

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

Human Resources

As at 30 June 2018, the Group had approximately 20,500 full-time employees. The Group's employee turnover rate was minimal in the first half of 2018.

Staff remuneration of the Group is determined by reference to their working performance, professional qualification, relevant working experience and 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.

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 2018.

CORPORATE GOVERNANCE CODE

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2018 to 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for the deviation from Code Provision E.1.2 that due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 12 June 2018.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend	:	12 September 2018 to 14 September 2018
Ex-dividend date	:	10 September 2018
Record date for interim dividend	:	14 September 2018
Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend	:	4:30 p.m. on Tuesday, 11 September 2018
Name and address of the Company's share registrar	:	Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Expected payment date	:	28 September 2018

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2018 has been reviewed by the Audit Committee of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
SJM HOLDINGS LIMITED
Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 31 July 2018

As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. So Shu Fai, Mr. Ng Chi Sing, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Dr. Cheng Kar Shun and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Dr. Lan Hong Tsung, David, Hon. Shek Lai Him, Abraham and Mr. Tse Hau Yin.