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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 2021

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 2021 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Increase/ (Decrease)
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)	
Total Group net revenue	5,222	4,374	19.4%
Net gaming revenue	5,076	4,272	18.8%
Adjusted EBITDA*	(510)	(984)	48.2%
Loss attributable to owners of the Company	(1,466)	(1,412)	(3.8%)
Loss per share — basic	HK(25.8) cents	HK(24.9) cents	(3.6%)
— diluted	HK(25.8) cents	HK(24.9) cents	(3.6%)

* Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, gain on early repayment of a bank loan, loss on derecognition of a bank loan, sub-concession fee income and pre-opening expenses.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

OPERATING HIGHLIGHTS

- The Group's net gaming revenue in the first half of 2021 increased by 18.8% to HK\$5,076 million from HK\$4,272 million in the year-earlier period, whilst Adjusted EBITDA improved by 48.2% to a negative HK\$510 million from a negative HK\$984 million. Loss attributable to owners of the Company was HK\$1,466 million, 3.8% greater than HK\$1,412 million in the year-earlier period. The Group's Adjusted EBITDA Margin was a negative 9.8% compared with a negative 22.5% for the year-earlier period.
- Mass market gross table gaming revenue of the Group increased by 33.2% and VIP gross gaming revenue showed a decrease of 37.5% during the first half of 2021, compared with the year-earlier period. During the same period, slot machine gross revenue increased by 12.7% compared with the year-earlier period.
- SJM Resorts, S.A. (formerly Sociedade de Jogos de Macau, S.A.) ("**SJM**") had a 11.6% share of Macau's gaming revenue, including 15.6% of mass market table gross gaming revenue and 5.0% of VIP gross gaming revenue.
- The Group had cash, bank balances, short-term bank deposits and pledged bank deposits of HK\$2,709 million as at 30 June 2021.
- Gross gaming revenue at the Group's flagship Casino Grand Lisboa decreased by 9.7% to HK\$1,198 million from HK\$1,325 million in the year-earlier period, whilst attributable loss improved by 48.3% to a negative HK\$231 million from a negative HK\$446 million. Adjusted Casino Property EBITDA was negative HK\$170 million, a 54.1% improvement from negative HK\$369 million in the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa increased by 43.6% from the year-earlier period to 62.4%. Average daily room rate decreased during the period by 60.1% to HK\$713.
- Subsequent to the first half of 2021, the Grand Lisboa Palace, the Group's integrated resort on Cotai, opened its doors to the public on 30 July 2021. In the initial phase opening, the resort offers luxury hotel rooms and suites, fine and casual dining, gaming, wellness and spa facilities and event spaces.

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

For the six months ended 30 June 2021

		Six months ended 30 June	
	<i>Notes</i>	2021	2020
		HK\$ million	HK\$ million
		(unaudited)	(unaudited)
Gaming, hotel, catering, retail and related services revenues		<u>5,221.6</u>	<u>4,374.1</u>
Gaming revenue	4	5,076.4	4,272.1
Special gaming tax, special levy and gaming premium		<u>(2,212.3)</u>	<u>(1,975.7)</u>
		2,864.1	2,296.4
Hotel, catering, retail and related services income		145.2	102.0
Cost of sales and services on hotel, catering, retail and related services		(118.9)	(109.7)
Other income, gains and losses		99.3	110.8
Marketing and promotional expenses		(618.3)	(94.2)
Operating and administrative expenses		(3,848.4)	(3,765.8)
Finance costs	5	(16.6)	(14.9)
Share of profits of an associate		3.3	7.4
Share of profits of a joint venture		<u>2.6</u>	<u>2.9</u>
Loss before taxation	6	(1,487.7)	(1,465.1)
Taxation	7	<u>(10.4)</u>	<u>(13.4)</u>
Loss for the period		(1,498.1)	(1,478.5)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		<u>26.9</u>	<u>(287.8)</u>
Total comprehensive expense for the period		<u>(1,471.2)</u>	<u>(1,766.3)</u>
Loss for the period attributable to:			
owners of the Company		(1,465.9)	(1,412.4)
non-controlling interests		<u>(32.2)</u>	<u>(66.1)</u>
		<u>(1,498.1)</u>	<u>(1,478.5)</u>
Total comprehensive expense for the period attributable to:			
owners of the Company		(1,439.0)	(1,700.2)
non-controlling interests		<u>(32.2)</u>	<u>(66.1)</u>
		<u>(1,471.2)</u>	<u>(1,766.3)</u>
Loss per share:			
Basic	9	<u>HK(25.8) cents</u>	<u>HK(24.9) cents</u>
Diluted	9	<u>HK(25.8) cents</u>	<u>HK(24.9) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021	At 31 December 2020
	<i>Notes</i>	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (audited)
Non-current assets			
Property and equipment		40,802.2	39,559.0
Right-of-use assets		3,172.7	3,353.4
Intangible asset		87.8	131.7
Art works and diamonds		281.3	281.3
Interest in an associate		349.0	347.7
Interest in a joint venture		142.4	139.8
Investments in equity instruments designated at fair value through other comprehensive income		581.3	554.4
Other assets		591.4	1,161.7
Pledged bank deposit		145.6	145.6
		46,153.7	45,674.6
Current assets			
Inventories		120.4	121.7
Trade and other receivables	<i>10</i>	746.6	798.0
Pledged bank deposits		1.4	1.4
Short-term bank deposits		135.5	818.2
Bank balances and cash		2,426.3	5,307.6
		3,430.2	7,046.9
Current liabilities			
Trade and other payables	<i>11</i>	6,491.5	7,730.8
Taxation payable		10.9	37.2
Bank loans — due within one year		9,005.2	5,272.2
Lease liabilities		341.3	256.4
		15,848.9	13,296.6
Net current liabilities		(12,418.7)	(6,249.7)
Total assets less current liabilities		33,735.0	39,424.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2021*

	At 30 June 2021	At 31 December 2020
<i>Note</i>	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (audited)
Non-current liabilities		
Bank loans — due after one year	—	13,514.9
Unsecured notes — due after one year	9,380.3	—
Lease liabilities	787.2	929.6
Amount due to non-controlling interests of a subsidiary	301.8	263.3
Deferred taxation	10.5	10.5
Other payables	<i>11</i> 49.9	66.7
	<u>10,529.7</u>	<u>14,785.0</u>
Net assets	<u>23,205.3</u>	<u>24,639.9</u>
Capital and reserves		
Share capital	11,479.3	11,435.5
Reserves	<u>11,642.2</u>	<u>13,092.6</u>
Equity attributable to owners of the Company	23,121.5	24,528.1
Non-controlling interests	<u>83.8</u>	<u>111.8</u>
Total equity	<u>23,205.3</u>	<u>24,639.9</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, and hotel, catering, retail and related services 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 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road 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 2020 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 2020 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 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 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

2. BASIS OF PREPARATION (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform — Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

In addition, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”.

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 *Impacts on early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”*

The Group has early applied the amendment in the current period. The application has had no impact to the opening retained profits at 1 January 2021.

The Group has benefited for six months waiver of lease payments on several leases in casino properties and motor vehicles. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$23.9 million, which has been recognised as variable lease payments in profit or loss for the current period.

3. OPERATING SEGMENTS

The Group is currently organised into two reportable segments — gaming operations, and hotel, catering and retail operations. Principal activities of these two reportable 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

Reportable 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 reportable segments, has been identified as a group of senior management that makes strategic decisions.

3. OPERATING SEGMENTS (Continued)

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 results 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 reportable segment named "hotel, catering and retail operations".

Segment information about these business is presented below:

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

	Segment revenue		Segment results	
	2021 HK\$ million (unaudited)	Six months ended 30 June 2020 HK\$ million (unaudited)	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	<u>5,076.4</u>	<u>4,272.1</u>	(1,243.6)	(1,208.1)
Hotel, catering and retail operations:				
External sales:				
Catering and retail operations: recognised at a point in time	<u>105.6</u>	<u>81.6</u>		
Hotel operations: recognised over time	<u>39.6</u>	<u>20.4</u>		
	<u>145.2</u>	<u>102.0</u>		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	<u>14.2</u>	<u>13.6</u>		
Hotel operations: recognised over time	<u>15.5</u>	<u>22.7</u>		
	<u>29.7</u>	<u>36.3</u>		
Eliminations	<u>174.9</u> <u>(29.7)</u>	<u>138.3</u> <u>(36.3)</u>	(171.3)	(262.3)
	<u>145.2</u>	<u>102.0</u>		
Total:				
recognised at a point in time	<u>5,182.0</u>	<u>4,353.7</u>		
recognised over time	<u>39.6</u>	<u>20.4</u>		
	<u>5,221.6</u>	<u>4,374.1</u>		
			(1,414.9)	(1,470.4)
Reconciliation from segment results to loss before taxation:				
Unallocated corporate income			4.4	58.5
Unallocated corporate expenses			(83.1)	(63.5)
Share of profits of an associate			3.3	7.4
Share of profits of a joint venture			2.6	2.9
Loss before taxation			(1,487.7)	(1,465.1)

3. OPERATING SEGMENTS (Continued)

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the loss before taxation from each segment without allocation of corporate income and expenses and share of profits of an associate and 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 reportable segments is as follows:

	At 30 June 2021 <i>HK\$ million</i> (unaudited)	At 31 December 2020 <i>HK\$ million</i> (audited)
Assets		
Segment assets:		
gaming operations	5,476.6	7,611.4
hotel, catering and retail operations	<u>3,939.5</u>	<u>4,118.5</u>
	9,416.1	11,729.9
Interest in an associate	349.0	347.7
Interest in a joint venture	142.4	139.8
Unallocated bank deposits, bank balances and cash	369.6	2,051.7
Other unallocated assets	<u>39,306.8</u>	<u>38,452.4</u>
Group's total	<u><u>49,583.9</u></u>	<u><u>52,721.5</u></u>
Liabilities		
Bank loans:		
gaming operations	8,778.2	18,632.0
hotel, catering and retail operations	227.0	55.0
unallocated corporate bank loans	<u>—</u>	<u>100.1</u>
	9,005.2	18,787.1
Unsecured notes:		
gaming operations	<u>9,380.3</u>	—
Other segment liabilities:		
gaming operations	4,544.3	5,427.4
hotel, catering and retail operations	<u>325.6</u>	<u>441.3</u>
	4,869.9	5,868.7
Total segment liabilities	23,255.4	24,655.8
Unallocated liabilities	<u>3,123.2</u>	<u>3,425.8</u>
Group's total	<u><u>26,378.6</u></u>	<u><u>28,081.6</u></u>

3. OPERATING SEGMENTS (Continued)

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

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

- (i) other unallocated assets include mainly certain property and equipment, certain right-of-use assets, certain deposits made on acquisitions of property and equipment, art works and diamonds, amounts due from an associate/a joint venture/an investee company and investments in equity instruments designated at fair value through other comprehensive income.
- (ii) unallocated liabilities include mainly certain construction payables and amount due to non-controlling interests of a subsidiary.
- (iii) all assets are allocated to reportable 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 reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

4. GAMING REVENUE

	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Gaming revenue from:		
VIP gaming operations	855.6	1,368.3
mass market table gaming operations	4,385.2	3,291.4
slot machine and other gaming operations	264.6	234.8
	5,505.4	4,894.5
Less: commissions and incentives	(429.0)	(622.4)
	5,076.4	4,272.1

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Interests on:		
unsecured notes	166.2	—
bank loans	132.7	276.3
lease liabilities	15.1	13.0
Imputed interest on amount due to non-controlling interests of a subsidiary	<u>3.5</u>	<u>2.5</u>
Less: Amount capitalised	317.5	291.8
	<u>(300.9)</u>	<u>(276.9)</u>
	<u><u>16.6</u></u>	<u><u>14.9</u></u>

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$0.8 million for the six months ended 30 June 2020 (six months ended 30 June 2021: nil)	40.6	41.3
Less: Amount capitalised	<u>(5.7)</u>	<u>(6.1)</u>
	34.9	35.2
Other staff costs	<u>2,869.2</u>	<u>2,722.2</u>
	2,904.1	2,757.4
	<u>2,904.1</u>	<u>2,757.4</u>
Amortisation of intangible asset (included in operating and administrative expenses)	43.9	22.0
Depreciation of property and equipment	227.4	314.5
Depreciation of right-of-use assets	186.1	170.3
Loss on disposal/write-off of property and equipment	1.2	0.5
Loss on derecognition of a bank loan	0.5	—
<i>and after crediting:</i>		
Gain on early repayment of a bank loan	67.5	—
Bank interest income	6.8	96.6
Covid-19-related rent concessions (<i>Note</i>)	23.9	9.9
Dividend income	<u>1.7</u>	<u>—</u>

Note: Lessors of the relevant casino properties provided rent concessions to the Group through rent reductions ranging from 12% to 30%. During the six months ended 30 June 2021, there were rent concessions occurred as a direct consequence of Covid-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$23.9 million were recognised as negative variable lease payments.

7. TAXATION

	Six months ended 30 June	
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	10.4	12.6
Deferred taxation	—	0.8
	<u>10.4</u>	<u>13.4</u>

No provision for CT on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notices issued by the Macau SAR government dated 27 September 2016 and 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 January 2017 to 31 March 2020 and 1 April 2020 to 26 June 2022, respectively.

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 Special Complementary Tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ended 31 March 2020. Pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022, SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.8 million) for the year ended 31 December 2021 and MOP11.0 million (equivalent to HK\$10.7 million) for the period from 1 January 2022 to 26 June 2022. SJM’s shareholders are obligated to pay the Special Complementary Tax regardless of any dividend distributed by SJM during the relevant period/year.

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.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$ million</i> (unaudited)	At 31 December 2020 <i>HK\$ million</i> (audited)
Advances to gaming promoters, net	29.7	112.5
Other receivables from gaming promoters and service providers, net	330.2	337.5
Prepayments	230.8	172.9
Other sundry receivables	<u>155.9</u>	<u>175.1</u>
	<u><u>746.6</u></u>	<u><u>798.0</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 2021, 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. The Group has enforceable right and intends to offset the advances against commission payables to or deposits from relevant gaming promoters. In addition, 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 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 2021 <i>HK\$ million</i> (unaudited)	At 31 December 2020 <i>HK\$ million</i> (audited)
0 to 30 days	—	7.8
61 to 90 days	—	104.7
Over 90 days	<u>29.7</u>	<u>—</u>
	<u>29.7</u>	<u>112.5</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 2021 <i>HK\$ million</i> (unaudited)	At 31 December 2020 <i>HK\$ million</i> (audited)
Trade payables	212.5	307.6
Special gaming tax payable	284.9	354.5
Chips in circulation	994.9	1,504.8
Chips in custody and deposits received from gaming patrons and gaming promoters	1,141.6	1,399.4
Payable for acquisition of property and equipment	75.8	76.5
Construction payables	2,482.6	2,852.4
Accrued staff costs	830.1	794.9
Accrued operating expenses	26.3	21.6
Withholding tax payable	20.0	14.6
Other sundry payables and accruals	<u>472.7</u>	<u>471.2</u>
	6,541.4	7,797.5
Less: Non-current portion of construction payables	<u>(49.9)</u>	<u>(66.7)</u>
	<u>6,491.5</u>	<u>7,730.8</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 2021 <i>HK\$ million</i> (unaudited)	At 31 December 2020 <i>HK\$ million</i> (audited)
0 to 30 days	195.9	294.1
31 to 60 days	4.2	8.2
61 to 90 days	3.8	2.1
Over 90 days	<u>8.6</u>	<u>3.2</u>
	<u><u>212.5</u></u>	<u><u>307.6</u></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 results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2021 ("the Reporting Period") and for the year-earlier period are shown below:

Group operating result	For the six months ended 30 June		Increase/ (Decrease)
	2021	2020	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total net revenue	5,222	4,374	19.4%
Net gaming revenue	5,076	4,272	18.8%
Loss attributable to owners of the Company	(1,466)	(1,412)	(3.8%)
Adjusted EBITDA ¹	(510)	(984)	48.2%
Adjusted EBITDA Margin ²	(9.8%)	(22.5%)	12.7 pts

¹ Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, gain on early repayment of a bank loan, loss on derecognition of bank loan, sub-concession fee income and pre-opening expenses.

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

Total net revenue was \$5,222 million for the six months ended 30 June 2021, an increase of 19.4%, compared to \$4,374 million for the six months ended 30 June 2020. The increase was mainly driven by the mass market table gaming revenue and slot machine gaming revenue.

The following tables summarises the results of Self-promoted Casinos and Satellite Casinos activity:

	For the six months ended 30 June		Increase/ (Decrease)
	2021	2020	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
VIP Gross Gaming Revenue	855	1,368	(37.5%)
Mass Market Gross Gaming Revenue	4,385	3,291	33.2%
Slot Machine Gross Gaming Revenue	265	235	12.7%
Gross Gaming Revenue	5,505	4,894	12.5%
Commissions and incentives	(429)	(622)	(31.1%)
Net Gaming Revenue	5,076	4,272	18.8%

Casino Grand Lisboa Statistics	For the six months ended 30 June			
	2021	2020	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenue:				
VIP	378	742	(364)	(49.1%)
Mass Market	721	516	205	39.7%
Slot	99	67	32	46.4%
Gross Gaming Revenue	1,198	1,325	(127)	(9.7%)
VIP Chip Sales Volume	14,543	20,838	(6,295)	(30.2%)
Win	378	742	(364)	(49.1%)
Hold %	2.6%	3.6%		(1.0 pts)
Mass Drop	3,394	2,396	998	41.6%
Mass Table Win	721	516	205	39.7%
Non-Rolling Chip Win %	21.3%	21.5%		(0.2 pts)
Slot Handle	1,993	1,425	568	39.9%
Slot Win	99	67	32	46.4%
Slot Win %	4.9%	4.7%		0.2 pts

Other Self-promoted Casino Statistics	For the six months ended 30 June			
	2021	2020	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenue:				
VIP	5	92	(87)	(94.2%)
Mass Market	718	703	15	2.2%
Slot	77	<u>70</u>	7	11.4%
Gross Gaming Revenue	800	865	(65)	(7.3%)
VIP Chip Sales Volume	166	2,287	(2,121)	(92.8%)
Win	5	92	(87)	(94.2%)
Hold %	3.2%	4.0%		(0.8 pts)
Mass Drop	5,185	4,620	565	12.2%
Mass Table Win	718	703	15	2.2%
Non-Rolling Chip Win %	13.9%	15.2%		(1.3 pts)
Slot Handle	1,437	1,406	31	2.3%
Slot Win	77	70	7	11.4%
Slot Win %	5.4%	4.9%		0.5 pts

Satellite Casino Statistics	For the six months ended 30 June			
	2021	2020	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenue:				
VIP	472	534	(62)	(11.5%)
Mass Market	2,946	2,072	874	42.1%
Slot	89	<u>98</u>	(9)	(9.5%)
Gross Gaming Revenue	3,507	2,704	803	29.7%

As at 30 June 2021, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Landmark, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Million Dragon, Casino L'Arc Macau, Casino Legend Palace, Casino Ponte 16 and Casino Royal Dragon. Casino Macau Jockey Club was temporarily closed. As at 31 December 2020, SJM operated 14 satellite casinos.

Adjusted EBITDA for the six months ended 30 June 2021 was a negative \$510 million, an improvement of 48.2%, compared to a negative \$984 million for the six months ended 30 June 2020.

The following table highlights the key results for the Group's Casinos:

Adjusted Casino Property EBITDA¹ for the Group's Casinos — for the six months ended 30 June 2021 and 30 June 2020

	Adjusted Casino Property EBITDA			Variance	%
	2021	2020			
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>		
Casino Grand Lisboa	(170)	(369)	199	54.1%	
Other Self-promoted Casinos ²	(190)	(346)	156	45.0%	
Satellite Casinos ³	(13)	(76)	63	82.6%	
Total	(373)	(791)	418	52.8%	

¹ Adjusted Casino Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments and sub-concession fee income, and before elimination of inter-company consumption

² Casino Lisboa, Casino Oceanus at Jai Alai (including gaming area in the Jai Alai building), Casino Eastern and Casino Taipa

³ Fourteen third party-promoted casinos

The following table summarises the results of hotel room activity:

Hotel Statistics	For the six months ended 30 June			%
	2021	2020	Variance	
	HK\$	HK\$	HK\$	
Occupancy %				
Grand Lisboa Hotel	62.4%	18.8%		43.6 pts
Jai Alai Hotel	49.7%	19.0%		30.7 pts
Sofitel at Ponte 16	53.0%	19.7%		33.3 pts
Average Daily Rate (ADR)				
Grand Lisboa Hotel	713	1,789	(1,076)	(60.1%)
Jai Alai Hotel	208	612	(404)	(66.0%)
Sofitel at Ponte 16	492	1,022	(530)	(51.9%)
Revenue per Available Room (RevPAR)				
Grand Lisboa Hotel	445	337	108	32.1%
Jai Alai Hotel	103	116	(13)	(10.9%)
Sofitel at Ponte 16	261	201	60	29.6%

PROSPECTS AND RECENT DEVELOPMENTS

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

Impact of the COVID-19 Pandemic

The COVID-19 outbreak that spread around the world since January 2020 continued to have a materially adverse effect on our operating results in the first half of 2021, though certain results showed improvement in comparison with the first half of 2020.

According to the Macau Government Statistics and Census Service, the number of visitors to Macau increased by 20.2% in the first half of 2021 compared with the year-earlier period, but was still just 19.3% of the number of visitors to Macau in the first half of 2019. The number of visitors from mainland China increased by 52.3% since the first half of 2020, but was still only 24.9% of the pre-pandemic level of 1H2019. Similarly, according to the DICJ, gross gaming revenue in Macau increased by 45.4% from the year-earlier period, but was just 32.8% of the level of 1H2019.

At the present time, given the evolving conditions of and in response to the COVID-19 pandemic, including the more recent appearance of COVID-19 variants, it is not possible to determine when travel restrictions will be further liberalised or whether they could be reintroduced if there are adverse developments in the pandemic situation.

Grand Lisboa Palace Resort

The Occupation Permit for the Grand Lisboa Palace was granted by the Land, Public Works and Transport Bureau of the Macau Government on 12 July, 2021. Other government permits were subsequently obtained and the resort formally opened on 30 July 2021. As at 30 July 2021, approximately 3,600 staff members were employed by the Grand Lisboa Palace, in hotel and F&B operations, gaming and other hospitality facilities including banquet services, fitness centre, spa and retailing.

The Grand Lisboa Palace comprises 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 is devoted to a full range of non-gaming facilities, including three hotel towers — “Grand Lisboa Palace Macau”, “Palazzo Versace Macau” and “THE KARL LAGERFELD” — totaling 1,892 rooms and suites, plus facilities for events, meetings and conferences, shopping, gaming, dining and entertainment, at a total project cost of approximately \$39 billion.

As at 30 June 2021, capital commitments in connection with the Grand Lisboa Palace project had a total value of approximately \$1.2 billion.

Senior Notes Issuance

On 27 January 2021, a wholly-owned subsidiary of the Group, Champion Path Holdings Limited, issued 4.5% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2026, and 4.85% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2028. The issue was rated Ba2 by Moody's and BB+ by Fitch.

On 12 May 2021, a wholly-owned subsidiary of the Group, Champion Moments Limited, issued 3.9% Senior Notes with an aggregate principal amount of HK\$1,250 million and a final maturity date of 12 May 2026, and 3.9% Senior Notes with an aggregate principal amount of MOP300 million (equivalent to HK\$291 million) and a final maturity date of 12 May 2026.

Approximately 90% of the net proceeds of the Senior Notes issues are being used to repay a portion of amounts outstanding under our bank facility agreement with the balance used for general corporate purposes.

OUTLOOK

We expect that gross gaming revenues in Macau, as well as hotel, restaurant and other non-gaming activities that depend on tourism, will continue to be negatively impacted by COVID-19 for an indefinite period in the future. As certain travel restrictions are likely to be gradually lifted, given the increasing level of vaccination throughout the region, we are cautiously optimistic that visitation and spending will respond positively. However, we do not expect a return to our pre-pandemic level of revenue during 2021. Even after travel restrictions are lifted, moreover, it is not possible to predict whether there will be lingering economic effects and health concerns caused by COVID-19 that will affect our business for a longer period.

FINANCIAL REVIEW

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

Liquidity, Financial Resources and Capital Structure

The Group had bank balances and cash amounting to \$2,562 million (not including pledged bank deposits of \$147 million) as at 30 June 2021. This represented a decrease of 58.2% as compared with the position as at 31 December 2020 of \$6,126 million. The Group also has undrawn unconditional facility from the bank loans facility agreement amounting to HK\$8,270.0 million as at 30 June 2021 and the Group is in the process of negotiation with banks for refinancing its existing bank borrowings as long term financing. The directors of the Company are of the opinion that there are good track records and relationships with banks which enhance the Group's ability to refinance its borrowing facilities.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2021 amounted to \$9,005 million (as at 31 December 2020: \$18,787 million). Total senior notes issued by the Group as at 30 June 2021 amounted to \$9,380 million (as at 31 December 2020: nil). The maturity of the Group's borrowings as at 30 June 2021 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
49%	—	30%	21%	100%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans and senior notes less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 33.4% at the end of the Reporting Period (as at 31 December 2020: 26.9%).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$1.4 billion as at 30 June 2021 (as at 31 December 2020: \$2.8 billion), of which \$1.2 billion were for the Grand Lisboa Palace project. As at 30 June 2021, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 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 2021, certain of the Group's property and equipment and right-of-use assets with carrying values of \$37,779 million and \$1,824 million, respectively (as at 31 December 2020: \$36,477 million and \$1,847 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2021 (as at 31 December 2020: \$147 million).

Contingent Liabilities and Guarantees

As at 30 June 2021, the total amount of guarantees of the Group given to banks of \$87 million (as at 31 December 2020: \$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 2021.

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 2021, the Group had approximately 20,600 full-time employees. The Group's employee turnover rate was minimal in the first half of 2021.

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 2021.

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 2021 to 30 June 2021 the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2021 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 2021 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, 3 August 2021

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, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive directors of the Company are Mr. Ng Chi Sing and Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Mr. Tse Hau Yin, Ms. Wong Yu Pok, Marina and Mr. Yeung Ping Leung, Howard.