



澳門博彩控股有限公司
SJM HOLDINGS LIMITED

於香港註冊成立的有限責任公司 股份代號：880
incorporated in Hong Kong with limited liability Stock Code：880

2016 INTERIM REPORT
中期報告





ABOUT US

SJM Holdings Limited (the “Company”) is the holding company of Sociedade de Jogos de Macau, S.A. (“SJM”), one of the six companies authorised to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Government of the Macau Special Administrative Region (“Macau”) in March 2002, and the only casino gaming concessionaire with its roots in Macau.

SJM’s casinos are located in prime locations on the Macau Peninsula and Taipa and convenient to principal entry points. Gaming operations are comprised of VIP gaming, mass market table gaming and slot machines.

The Grand Lisboa Palace, SJM’s integrated resort on Cotai, is currently under construction. The Grand Lisboa Palace will feature a total of approximately 2,000 hotel rooms and suites, facilities for meetings and conferences, shopping, dining and entertainment, and a casino.

As at 30 June 2016, SJM operated 17 casinos, comprising more than 1,600 gaming tables and over 2,500 slot machines.

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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 and Adjusted EBITDA for the six months ended 30 June 2016 ("the Reporting Period") each decreased, whilst the Group's Adjusted EBITDA Margin (Hong Kong GAAP basis) decreased from the year-earlier period:

Group operating results	For the six months ended 30 June		Decrease
	2016 HK\$ million	2015 HK\$ million	
Total revenue	21,133	26,611	(20.6%)
Gaming revenue	20,884	26,319	(20.7%)
Profit attributable to owners of the Company	1,097	1,791	(38.7%)
Adjusted EBITDA ¹	1,634	2,262	(27.8%)
Adjusted EBITDA Margin ²	7.7%	8.5%	

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/loss on disposal/write-off of property and equipment and share-based payments.

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

During the Reporting Period, the Group's gaming revenue amounted to approximately 20.0% of total gaming revenue in Macau, compared with 22.3% 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 \$94 million, as compared with \$71 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$561 million, as compared to \$578 million in the corresponding period last year.

BUSINESS REVIEW

The Group's operating results for the six months ended 30 June 2016, as compared to the six months ended 30 June 2015, are as follows:

OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended 30 June		Increase/ (Decrease)
	2016	2015	
Gaming revenue (HK\$ million)	10,168	14,226	(28.5%)
Average daily net-win per VIP gaming table (HK\$)	154,756	153,809	0.6%
VIP chips sales (HK\$ million)	339,401	442,708	(23.3%)
Average number of VIP gaming tables (Average of month-end numbers)	361	511	(29.4%)

VIP gaming operations accounted for 48.7% of the Group's total gaming revenue in the Reporting Period, as compared to 54.1% for the corresponding period last year. As at 30 June 2016, SJM had 341 VIP gaming tables in operation with 19 VIP promoters, as compared with 386 VIP gaming tables and 19 VIP promoters as at 31 December 2015.

The Group's gaming revenue from VIP gaming operations amounted to approximately 18.4% of total VIP gaming revenue in Macau, compared to 21.2% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 3.00%, as compared with 3.19% in the corresponding period last year.

OPERATING RESULTS — MASS MARKET TABLE GAMING

Gaming revenue from mass market table gaming operations comprised 48.7% of the Group's total gaming revenue in the Reporting Period, as compared to 43.7% 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)
	2016	2015	
Gaming revenue (HK\$ million)	10,179	11,508	(11.5%)
Average daily net-win per mass market gaming table (HK\$)	42,991	52,029	(17.4%)
Average number of mass market gaming tables (Average of month-end numbers)	1,301	1,222	6.5%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 23.1% of total mass market table gaming revenue in Macau, compared to 25.5% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,302 mass market gaming tables in its casinos as at 30 June 2016, as compared with 1,247 mass market gaming tables as at 31 December 2015.

BUSINESS REVIEW

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 2.6% of total gaming revenue in the Reporting Period, compared to 2.2% 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)
	2016	2015	
Gaming revenue (HK\$ million)	537	585	(8.3%)
Average daily net-win per slot machine (HK\$)	1,044	1,174	(11.0%)
Average number of slot machines (Average of month-end numbers)	2,820	2,752	2.5%

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 10.1% of total slot machine revenue in Macau, compared to 10.3% in the corresponding period last year, according to figures from DICJ.

SJM had 2,582 slot machines, operating in 12 of SJM's casinos, as at 30 June 2016 as compared with 2,645 slot machines as at 31 December 2015.

OPERATING RESULTS OF CASINO SEGMENTS — CASINO GRAND LISBOA

Casino Grand Lisboa	For the six months ended 30 June		Decrease
	2016	2015	
Revenue (HK\$ million)	6,838	9,161	(25.3%)
Profit attributable to the Group (HK\$ million)	665	1,025	(35.2%)
Adjusted Property EBITDA ³ (HK\$ million)	845	1,223	(30.8%)
Adjusted Property EBITDA Margin ⁴	12.4%	13.3%	

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, gain/loss on disposal/write-off of property and equipment and share-based payments, and before elimination of inter-company consumption.

⁴ Adjusted Property EBITDA Margin is Adjusted Property EBITDA divided by total revenue.

BUSINESS REVIEW

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

Casino Grand Lisboa	For the six months ended 30 June		Increase/ (Decrease)
	2016	2015	
VIP operations			
Gaming revenue (HK\$ million)	4,352	6,400	(32.0%)
Average daily net-win per VIP gaming table (HK\$)	188,304	222,379	(15.3%)
VIP chips sales (HK\$ million)	160,833	196,934	(18.3%)
Average number of VIP gaming tables (Average of month-end numbers)	127	159	(20.1%)
Mass market operations			
Gaming revenue (HK\$ million)	2,299	2,555	(10.0%)
Average daily net-win per mass market gaming table (HK\$)	49,595	51,708	(11.8%)
Average number of mass market gaming tables (Average of month-end numbers)	277	273	1.5%
Slot machine operations			
Gaming revenue (HK\$ million)	187	206	(9.0%)
Average daily net-win per slot machine (HK\$)	1,285	1,490	(13.7%)
Average number of slot machines (Average of month-end numbers)	801	763	5.0%

Casino Grand Lisboa received over 5.2 million visitors during the Reporting Period, an average of approximately 28,700 visitors per day compared with approximately 5.3 million visitors during the first half of 2015, or approximately 29,000 visitors per day.

BUSINESS REVIEW

OPERATING RESULTS OF CASINO SEGMENTS — OTHER SELF-PROMOTED CASINOS AND SLOT HALLS

Other self-promoted casinos are Casino Lisboa and Casino Oceanus at Jai Alai (collectively, “Other Self-promoted Casinos and Slot Halls”).

Other self-promoted casinos and slot halls	For the six months ended 30 June		
	2016	2015	Decrease
Revenue (HK\$ million)	3,113	3,481	(10.6%)
Profit attributable to the Group (HK\$ million)	211	376	(43.8%)
Adjusted Property EBITDA (HK\$ million)	308	470	(34.5%)
Adjusted Property EBITDA Margin	9.9%	13.5%	

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		
	2016	2015	Increase/ (Decrease)
VIP operations			
Gaming revenue (HK\$ million)	1,164	1,327	(12.3%)
Average daily net-win per VIP gaming table (HK\$)	220,579	140,980	56.5%
VIP chips sales (HK\$ million)	30,784	39,920	(22.9%)
Average number of VIP gaming tables (Average of month-end numbers)	29	52	(44.2%)
Mass market operations			
Gaming revenue (HK\$ million)	1,848	2,042	(9.5%)
Average daily net-win per mass market gaming table (HK\$)	28,207	37,866	(25.5%)
Average number of mass market gaming tables (Average of month-end numbers)	360	298	20.8%
Slot machine operations			
Gaming revenue (HK\$ million)	101	112	(9.9%)
Average daily net-win per slot machine (HK\$)	918	895	2.5%
Average number of slot machines (Average of month-end numbers)	599	686	(12.7%)

As at 30 June 2016, Casino Lisboa operated a total of 152 mass market gaming tables, 28 VIP gaming tables and 139 slot machines.

As at 30 June 2016, Casino Oceanus at Jai Alai operated a total of 206 mass market gaming tables and 440 slot machines.

BUSINESS REVIEW

OPERATING RESULTS OF CASINO SEGMENTS — SATELLITE CASINOS AND SLOT HALLS

As at 30 June 2016, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Jimei, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Macau Jockey Club, Casino Ponte 16 and Casino Club VIP Legend. (Operations at Casino Greek Mythology were temporarily suspended on 31 December 2015.) The 14 satellite casinos comprised a total of 669 mass market gaming tables, 189 VIP gaming tables and 1,251 slot machines as at 30 June 2016.

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

Satellite casinos and slot hall	For the six months ended 30 June		
	2016	2015	Decrease
Revenue (HK\$ million)	10,932	13,677	(20.1%)
Profit attributable to the Group (HK\$ million)	336	469	(28.5%)
Adjusted Property EBITDA (HK\$ million)	363	488	(25.7%)
Adjusted Property EBITDA Margin	3.3%	3.6%	

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

Satellite casinos and slot hall	For the six months ended 30 June		
	2016	2015	Increase/ (Decrease)
VIP operations			
Gaming revenue (HK\$ million)	4,651	6,499	(28.4%)
Average daily net-win per VIP gaming table (HK\$)	124,661	119,293	4.5%
VIP chips sales (HK\$ million)	147,784	205,854	(28.2%)
Average number of VIP gaming tables (Average of month-end numbers)	205	301	(31.9%)
Mass market operations			
Gaming revenue (HK\$ million)	6,033	6,910	(12.7%)
Average daily net-win per mass market gaming table (HK\$)	49,919	58,647	(14.9%)
Average number of mass market gaming tables (Average of month-end numbers)	664	651	2.0%
Slot machine operations			
Gaming revenue (HK\$ million)	249	268	(7.1%)
Average daily net-win per slot machine (HK\$)	962	1,136	(15.3%)
Average number of slot machine (Average of month-end numbers)	1,420	1,302	9.1%

BUSINESS REVIEW

NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$254 million in revenue and \$45 million in Adjusted Property EBITDA to the Group as compared with \$275 million in revenue and \$40 million in Adjusted Property EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 90.5% for the Reporting Period, as compared with 80.1% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,609 as compared with \$2,399 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$89 million in revenue to the Group, compared with a contribution of \$106 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 84.2% for the Reporting Period as compared with 86.4% in the corresponding period last year, and the average room rate was \$1,055 as compared with \$1,257 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 2016 Macau's total gaming revenue decreased by 11.4% over the corresponding period in 2015. According to figures from the Macau Government Statistics and Census Service, visitation to Macau increased by 0.1% to 14.8 million, of which visitors from the Mainland decreased by 0.4% to 9.7 million, or 66.0% 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 on 13 February 2014, made good progress in first half of 2016.

Upon completion, the Grand Lisboa Palace will comprise 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 meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated construction cost of approximately \$30 billion.

The Group is currently in discussion with commercial banks concerning arrangement of banking facilities to finance construction costs of the Grand Lisboa Palace. The Group expects to conclude these arrangements later this year.

As at 30 June 2016, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$22.3 billion.

Casino Grand Lisboa

In March 2016, Grand Lisboa began renovation work to update the property's ground floor. When completed later this year, the ground floor will have expanded gaming space to accommodate additional gaming tables and slot machines, plus new retail space.

Hotel Grand Lisboa

Hotel Grand Lisboa is currently undertaking a room renovation programme which is the first major overhaul and updating of accommodation since the opening of the hotel in 2009. The programme, which began in the summer of 2014, is expected to complete by the end of 2016.

PROSPECTS AND RECENT DEVELOPMENTS

Jai Alai Renovation

SJM plans to reopen the Jai Alai complex around the end of 2016, with new facilities including a hotel with approximately 130 rooms, restaurants and retail shops that will enhance the business of the reopened Casino Jai Alai as well as Casino Oceanus at Jai Alai.

As at 30 June 2016, SJM had entered into capital commitments in connection with the Jai Alai renovation project with a total value of approximately \$557 million.

OUTLOOK

The Group's performance in the second half of 2016 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 during the Reporting Period, with bank balances and cash amounting to \$14,160 million (not including \$459 million pledged bank deposits) as at 30 June 2016. This represented a decrease of 15.8% as compared with the position as at 31 December 2015 of \$16,814 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2016 amounted to \$629 million (as at 31 December 2015: \$713 million). The maturity profile of the Group's borrowings as at 30 June 2016 is set out below:

Maturity Profile		
Within 1 year	1–2 years	Total
100%	0%	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 2015: zero).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$23.2 billion at the end of the Reporting Period (as at 31 December 2015: \$25.2 billion), of which \$22.3 billion was for the Grand Lisboa Palace project. As at 30 June 2016, the Group was executing the construction plan for the Grand Lisboa Palace, with an estimated construction cost of approximately \$30 billion, including capital expenditure commitments to date.

The Group intends to fund the Grand Lisboa Palace project and future projects 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 2016, certain of the Group's property and equipment and land use rights with carrying values of \$816 million and \$65 million, respectively (as at 31 December 2015: \$883 million and \$68 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$459 million as at 30 June 2016 (as at 31 December 2015: \$505 million).

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2016, the Group had total guarantees given to banks of \$87 million (as at 31 December 2015: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no material contingent liabilities as at 30 June 2016.

FINANCIAL REVIEW

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 30 June 2016 the equivalent of approximately \$309 million of the Group's outstanding borrowings were denominated in Chinese Yuan, of which the foreign exchange rate risk has been fully set off with a matching amount of deposits. 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 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 2016, the Group had approximately 20,800 full-time employees. The Group's employee turnover rate was minimal in the first half of 2016.

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 12.0% for the Reporting Period, as compared to HK GAAP which gives an Adjusted EBITDA Margin of 7.7% for the period.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK6 cents per Share for the six months ended 30 June 2016 (six months ended 30 June 2015: HK10 cents per Share). The interim dividend is expected to be paid on 14 September 2016 to Shareholders whose names appear on the register of members of the Company on 2 September 2016.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend : 31 August 2016 to 2 September 2016

Ex-dividend date : 29 August 2016

Record date for interim dividend : 2 September 2016

Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend : 4:30 p.m. on Tuesday, 30 August 2016

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 : 14 September 2016

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures

As at 30 June 2016, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures (Continued)

Interests in Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Hung Sun, Stanley	Beneficial owner	Long position	—	5,000,000 (Note 1)	0.09%
Cheng Kar Shun	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
Chau Tak Hay	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%
Lan Hong Tsung, David	Beneficial owner	Long position	100,000	—	0.002%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			100,000	1,000,000	0.022%
Shek Lai Him, Abraham	Beneficial owner	Long position	200,000	—	0.004%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			200,000	500,000	0.014%
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			500,000	1,000,000	0.03%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.71%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.33%

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures (Continued)

Interests in Shares, underlying Shares and debentures of the Company (Continued)

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ng Chi Sing	Beneficial owner	Long position	118,452,922	—	2.09%
	Beneficial owner	Long position	—	32,000,000 (Note 1)	0.57%
			118,452,922	32,000,000	2.66%
Rui José da Cunha	Beneficial owner	Long position	18,107,500	—	0.32%
	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
			18,107,500	6,000,000	0.43%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	—	9,000,000 (Note 1)	0.16%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.10%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.63%
Shum Hong Kuen, David	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
			3,000,000	6,000,000	0.16%

Notes:

1. These represent the interests in underlying Shares in respect of share options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
2. The percentage has been calculated based on 5,656,979,293 Shares in issue as at 30 June 2016.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures (Continued)

Interests in shares, underlying shares and debentures of associated corporations

Sociedade de Turismo e Diversões de Macau, S.A.

Name of Directors	Capacity	Long/short position	No. of shares held			Approximate percentage of issued share capital
			Ordinary	Privileged	Total	
Ho Hung Sun, Stanley	Beneficial owner	Long position	—	100	100	0.12%
Leong On Kei, Angela	Beneficial owner	Long position	637	5,215	5,852	6.86%
Shum Hong Kuen, David	Beneficial owner	Long position	1,004	—	1,004	1.18%

Sociedade de Jogos de Macau, S.A.

Name of Director	Capacity	Long/short position	No. of shares held (Type B Shares)	Approximate percentage of issued share capital
Leong On Kei, Angela	Beneficial owner	Long position	300,000	10.00%

Save as disclosed above, so far as was known to any Director, as of 30 June 2016, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

Interests and short positions of substantial Shareholders in Shares and underlying Shares

As at 30 June 2016, details of substantial Shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of substantial Shareholders	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares
Sociedade de Turismo e Diversões de Macau, S.A.	Beneficial owner	Long position	3,062,059,500	—	54.13%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000	8.63%

(Note)

Note: The percentage has been calculated based on 5,656,979,293 Shares in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

At an annual general meeting of the Company held on 13 May 2009, the Shareholders approved the adoption of the Scheme under which the Directors may grant to any participants of the Scheme Options to subscribe for Shares, subject to the terms and conditions as stipulated therein.

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2016 were as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2016
				Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors:									
Ho Hung Sun, Stanley	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Cheng Kar Shun	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Chau Tak Hay	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Lan Hong Tsung, David	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Shek Lai Him, Abraham	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2016
				Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
So Shu Fai	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Ng Chi Sing	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000
Rui José da Cunha	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	31 August 2010 (Note 3)	28 February 2011 to 27 February 2020	\$7.48	3,000,000	—	—	—	—	3,000,000
	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
Shum Hong Kuen, David	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Directors):				132,000,000	—	—	—	—	132,000,000

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2016
				Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Associates (as defined in the Listing Rules) of Directors (who are also Employees):									
Fung Ho Yuen Hung, Nanette	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Huen Wai Kei	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employees)):				520,000	—	—	—	—	520,000
Employees	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	2,290,000	—	(250,000)	—	—	2,040,000
Employees	26 May 2010 (Note 2)	26 November 2010 to 25 November 2019	\$5.03	260,000	—	—	—	—	260,000
Employees*	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	13,661,000	—	—	—	(16,000)	13,645,000
Employee	8 October 2013 (Note 5)	8 October 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
Employees*	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	13,608,000	—	—	—	(16,000)	13,592,000
Employee	8 October 2013 (Note 5)	8 October 2015 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employees*	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	13,585,000	—	—	—	(8,000)	13,577,000
Employee	8 October 2013 (Note 5)	8 October 2016 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employee	8 October 2013 (Note 5)	8 October 2017 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employee	8 October 2013 (Note 5)	8 October 2018 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employees*	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	3,268,000	—	—	—	(30,000)	3,238,000
Employees*	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	3,248,000	—	—	—	(79,000)	3,169,000
Employees*	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	3,119,000	—	—	—	(77,000)	3,042,000
Employee	11 May 2016 (Note 7)	11 November 2016 to 10 November 2025	\$4.89	—	1,000,000	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2017 to 10 November 2025	\$4.89	—	1,000,000	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2018 to 10 November 2025	\$4.89	—	1,000,000	—	—	—	1,000,000
Sub-total (Employees):				56,039,000	3,000,000	(250,000)	—	(226,000)	58,563,000

* Excluding associates (as defined in the Listing Rules) of Directors who are also Employees.

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2016
				Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Other participants	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	300,000	—	—	—	—	300,000
Other participants	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	567,000	—	—	—	(200,000)	367,000
Other participants	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	567,000	—	—	—	(200,000)	367,000
Other participants	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	566,000	—	—	—	(200,000)	366,000
Other participants	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	276,000	—	—	—	—	276,000
Sub-total (Other participants):				2,830,000	—	—	—	(600,000)	2,230,000
Total:				191,389,000	3,000,000	(250,000)	—	(826,000)	193,313,000

Notes:

- The vesting period for all of the Options granted on 13 July 2009 is six months from the date of grant, except the vesting period for Options in respect of a total of 30,000,000 Shares is $\frac{1}{3}$ vesting on 13 January 2010, then $\frac{1}{3}$ vesting on each of the first and second anniversaries of such date. The closing price of the Shares immediately before the date of grant was HK\$2.85. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

166,700,000 Options granted on 13 July 2009	Exercisable period	Option unit value
146,700,000	13 January 2010 to 12 January 2019	HK\$1.25819
10,000,000	13 January 2011 to 12 January 2019	HK\$1.28888
10,000,000	13 January 2012 to 12 January 2019	HK\$1.31545

- The vesting period for all of the Options granted on 26 May 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.83. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.0178.
- The vesting period for all of the Options granted on 31 August 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$7.49. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.8926.
- The vesting period for all of the Options granted on 17 March 2011 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$12.58. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$4.5320.

SHARE OPTION SCHEME

5. The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such date. The vesting period for 3,000,000 Options granted on 8 October 2013 is approximately 34% vesting on one year from the date of grant, then approximately 16.5% vesting on two, three, four and five years from the date of grant respectively. The closing price of the Shares immediately before the date of grant was HK\$21.95. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

50,460,000 Options granted on 8 October 2013	Exercisable period	Option unit value
15,863,000	8 April 2014 to 7 April 2023	HK\$8.4299
1,000,000	8 October 2014 to 7 April 2023	HK\$8.5172
15,808,000	8 April 2015 to 7 April 2023	HK\$8.6397
500,000	8 October 2015 to 7 April 2023	HK\$8.7396
15,789,000	8 April 2016 to 7 April 2023	HK\$8.8327
500,000	8 October 2016 to 7 April 2023	HK\$8.8954
500,000	8 October 2017 to 7 April 2023	HK\$8.9801
500,000	8 October 2018 to 7 April 2023	HK\$8.9928

6. The vesting period for 126,725,000 Options granted on 15 June 2015 is approximately 33.37% vesting on six months from the date of grant, then approximately 33.37% vesting on one year and six months from the date of grant, and the remaining 33.26% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$9.96. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

Category of Participants	Number of Options	Exercisable period	Option unit value
Directors	38,669,000	15 December 2015 to 14 December 2024	HK\$3.4670
Directors	38,669,000	15 December 2016 to 14 December 2024	HK\$3.4584
Directors	38,662,000	15 December 2017 to 14 December 2024	HK\$3.4210
Employees	3,342,000	15 December 2015 to 14 December 2024	HK\$3.3966
Employees	3,342,000	15 December 2016 to 14 December 2024	HK\$3.4052
Employees	3,211,000	15 December 2017 to 14 December 2024	HK\$3.3865
Other participants	277,000	15 December 2015 to 14 December 2024	HK\$3.3966
Other participants	277,000	15 December 2016 to 14 December 2024	HK\$3.4052
Other participants	276,000	15 December 2017 to 14 December 2024	HK\$3.3865

7. The vesting period for 3,000,000 Options granted on 11 May 2016 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.85. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 11 May 2016	Exercisable period	Option unit value
1,000,000	11 November 2016 to 10 November 2025	HK\$1.6434
1,000,000	11 November 2017 to 10 November 2025	HK\$1.6497
1,000,000	11 November 2018 to 10 November 2025	HK\$1.6439

8. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$4.75.

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 2016.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2016 to 30 June 2016, 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 16 June 2016.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code during the six months ended 30 June 2016.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2016 and up to 30 June 2016, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Directors	Biographical details update since 1 January 2016 and up to 30 June 2016
Chau Tak Hay	<ul style="list-style-type: none">Increased director's special fee from the Company by HK\$5,000 for 2015Increased by HK\$40,000 annual fee to be received from the Company as a member of the Audit Committee since 1 January 2016Increased by HK\$10,000 annual fee to be received from the Company as the chairman of the Nomination Committee since 1 January 2016
Lan Hong Tsung, David	<ul style="list-style-type: none">Increased director's special fee from the Company by HK\$5,000 for 2015Increased by HK\$40,000 annual fee to be received from the Company as a member of the Audit Committee since 1 January 2016Increased by HK\$20,000 annual fee to be received from the Company as the chairman of the Remuneration Committee since 1 January 2016
Shek Lai Him, Abraham	<ul style="list-style-type: none">Increased director's special fee from the Company by HK\$155,000 for 2015Increased by HK\$40,000 annual fee to be received from the Company as a member of the Audit Committee since 1 January 2016Increased by HK\$600,000 annual fee to be received from the Company as the chairman of an ad hoc Board Committee since 1 January 2016Ceased to act as the independent non-executive director of Dorsett Hospitality International Limited with effect from 11 March 2016Retired as non-executive director of the Hong Kong Mortgage Corporation Limited with effect from 25 April 2016
Tse Hau Yin	<ul style="list-style-type: none">Increased director's special fee from the Company by HK\$130,000 for 2015Increased by HK\$120,000 annual fee to be received from the Company as the chairman of the Audit Committee since 1 January 2016Increased by HK\$500,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2016

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Name of Directors	Biographical details update since 1 January 2016 and up to 30 June 2016
So Shu Fai	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$260,609 for 2015Increased by HK\$500,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2016
Ng Chi Sing	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$124,032 for 2015
Rui José da Cunha	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$29,769 for 2015
Fok Tsun Ting, Timothy	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$149,383 for 2015Increased by HK\$500,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2016
Leong On Kei, Angela	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$239,111 for 2015Increased by HK\$500,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2016Abdicated as a member of Advisory Board of Po Leung Kuk since 1 April 2016
Shum Hong Kuen, David	<ul style="list-style-type: none">Increased director's special fee from the Group by HK\$125,000 for 2015Increased by HK\$500,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2016

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of 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 2016 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 2016 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 of Directors
SJM Holdings Limited

So Shu Fai
Executive Director and Chief Executive Officer

Hong Kong, 8 August 2016

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SJM HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Gaming, hotel, catering and related services revenues		21,133.1	26,611.0
Gaming revenue	5	20,884.0	26,319.2
Special gaming tax, special levy and gaming premium		(8,100.1)	(10,182.5)
Hotel, catering and related services income		12,783.9	16,136.7
Cost of sales and services on hotel, catering and related services		249.1	291.8
Other income, gains and losses		(112.9)	(123.0)
Marketing and promotional expenses		108.1	164.7
Operating and administrative expenses		(7,658.5)	(10,108.7)
Finance costs	6	(4,260.9)	(4,536.9)
Share of profits of an associate		(24.5)	(28.4)
Share of profits of a joint venture		20.6	3.6
		3.1	3.2
Profit before taxation	7	1,108.0	1,803.0
Taxation	8	(18.6)	(20.5)
Profit for the period		1,089.4	1,782.5
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investment		—	(79.5)
Total comprehensive income for the period		1,089.4	1,703.0
Profit for the period attributable to:			
owners of the Company		1,097.4	1,791.0
non-controlling interests		(8.0)	(8.5)
		1,089.4	1,782.5
Total comprehensive income for the period attributable to:			
owners of the Company		1,097.4	1,711.5
non-controlling interests		(8.0)	(8.5)
		1,089.4	1,703.0
Earnings per share:			
Basic	10	HK19.4 cents	HK31.7 cents
Diluted	10	HK19.4 cents	HK31.7 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Non-current assets			
Property and equipment	11	16,080.8	14,054.4
Land use rights	12	2,580.6	2,634.5
Intangible asset		4.7	7.9
Art works and diamonds	13	281.3	281.3
Interest in an associate		137.6	109.8
Interest in a joint venture		111.3	108.2
Available-for-sale investment in equity securities	14	211.2	211.2
Other financial assets	15	346.2	346.2
Pledged bank deposits	16	145.6	424.1
		19,899.3	18,177.6
Current assets			
Inventories		64.1	63.0
Trade and other receivables	17	1,558.3	1,658.2
Financial assets at fair value through profit or loss	18	76.4	61.4
Pledged bank deposits	16	313.3	80.9
Short-term bank deposits		7,634.6	6,441.7
Bank balances and cash		6,525.0	10,371.9
		16,171.7	18,677.1
Current liabilities			
Trade and other payables	19	9,880.3	10,730.3
Payable for acquisition of land use rights	20	352.5	343.9
Taxation payable		51.5	59.7
Long-term bank loans	21	628.5	158.4
Amounts due to non-controlling interests of subsidiaries	22	5.0	5.0
		10,917.8	11,297.3
Net current assets		5,253.9	7,379.8
Total assets less current liabilities		25,153.2	25,557.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Non-current liabilities			
Other payables	19	744.6	603.6
Payable for acquisition of land use rights	20	—	178.4
Long-term bank loans	21	—	554.4
Amounts due to non-controlling interests of subsidiaries	22	518.0	630.0
Deferred taxation		97.3	111.6
		1,359.9	2,078.0
Net assets		23,793.3	23,479.4
Capital and reserves			
Share capital	23	11,236.7	11,235.7
Reserves		12,432.4	12,090.2
Equity attributable to owners of the Company		23,669.1	23,325.9
Non-controlling interests		124.2	153.5
Total equity		23,793.3	23,479.4

The condensed consolidated financial statements on pages 26 to 58 were approved and authorised for issue by the Board of Directors on 8 August 2016 and are signed on its behalf by:

So Shu Fai
Director

Ng Chi Sing
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$ million	Share options reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 1 January 2016	11,235.7	681.8	(18.8)	11,427.2	23,325.9	153.5	23,479.4
Profit and total comprehensive income for the period	—	—	—	1,097.4	1,097.4	(8.0)	1,089.4
Exercise of share options	1.0	(0.3)	—	—	0.7	—	0.7
Recognition of equity-settled share-based payments	—	93.6	—	—	93.6	—	93.6
Release of lapsed equity-settled share-based payments	—	(5.6)	—	5.6	—	—	—
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary	—	—	—	—	—	(21.3)	(21.3)
Dividends paid (note 9)	—	—	—	(848.5)	(848.5)	—	(848.5)
	1.0	87.7	—	(842.9)	(754.2)	(21.3)	(775.5)
At 30 June 2016 (unaudited)	11,236.7	769.5	(18.8)	11,681.7	23,669.1	124.2	23,793.3
At 1 January 2015	11,231.9	376.5	128.4	13,027.2	24,764.0	98.3	24,862.3
Profit for the period	—	—	—	1,791.0	1,791.0	(8.5)	1,782.5
Other comprehensive expense for the period	—	—	(79.5)	—	(79.5)	—	(79.5)
Total comprehensive income for the period	—	—	(79.5)	1,791.0	1,711.5	(8.5)	1,703.0
Exercise of share options	3.8	(1.1)	—	—	2.7	—	2.7
Recognition of equity-settled share-based payments	—	71.1	—	—	71.1	—	71.1
Release of lapsed equity-settled share-based payment	—	(1.5)	—	1.5	—	—	—
Dividends paid (note 9)	—	—	—	(3,507.2)	(3,507.2)	—	(3,507.2)
	3.8	68.5	—	(3,505.7)	(3,433.4)	—	(3,433.4)
At 30 June 2015 (unaudited)	11,235.7	445.0	48.9	11,312.5	23,042.1	89.8	23,131.9

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Net cash from (used in) operating activities	851.3	(204.6)
Investing activities		
Interest received	83.5	172.8
Purchase of property and equipment	(2,327.1)	(1,075.0)
Additions of land use rights	(169.8)	(161.6)
Deposits paid for acquisitions of property and equipment	(40.8)	(121.3)
Proceeds from disposal of property and equipment	2.8	0.2
Advances to ultimate holding company	—	(0.4)
Repayment from ultimate holding company	—	0.2
Repayment from an investee company	3.0	—
Placement of pledged bank deposits	(4.6)	(6.3)
Withdrawal of pledged bank deposits	44.1	48.4
Placement of short-term bank deposits	(8,350.7)	(10,712.2)
Withdrawal of short-term bank deposits	7,157.8	14,312.9
Net cash (used in) from investing activities	(3,601.8)	2,457.7
Financing activities		
Interest paid	(23.9)	(35.9)
Dividends paid	(848.5)	—
Proceeds from issue of shares	0.7	2.7
Repayment of long-term bank loans	(77.7)	(175.4)
(Repayment to) advances from non-controlling interests of a subsidiary	(147.0)	5.0
Net cash used in financing activities	(1,096.4)	(203.6)
Net (decrease) increase in cash and cash equivalents	(3,846.9)	2,049.5
Cash and cash equivalents at 1 January	10,371.9	9,546.8
Cash and cash equivalents at 30 June	6,525.0	11,596.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL

SJM Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its subsidiaries are principally engaged in the development and operation of casinos and related facilities in Macau Special Administrative Region, the People's Republic of China ("Macau SAR"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), a company established in Macau SAR. The address of the registered office and principal place of business of the Company is disclosed in the "Corporate Information" section of this report.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company, and 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 2015 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 those statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 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 those 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 (3) of the Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Company and its subsidiaries (collectively referred as the "Group") have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. SUMMARY OF FINANCIAL POSITION OF THE COMPANY

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Non-current assets		
Property and equipment	0.7	0.9
Investments in subsidiaries	4,359.3	4,359.3
	4,360.0	4,360.2
Current assets		
Other receivables, deposits and prepayments	14.0	18.8
Amounts due from subsidiaries	9,506.0	7,086.9
Short-term bank deposits	5,024.5	4,398.4
Bank balances and cash	615.1	2,682.5
	15,159.6	14,186.6
Current liabilities		
Other payables and accruals	11.8	5.9
Amount due to a subsidiary	291.6	291.6
	303.4	297.5
Net current assets	14,856.2	13,889.1
Net assets	19,216.2	18,249.3
Capital and reserves		
Share capital (note 23)	11,236.7	11,235.7
Reserves	7,979.5	7,013.6
Total equity	19,216.2	18,249.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. 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 resources allocation and performance assessment. 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 with similar economic characteristics has been aggregated into a single operating segment named “hotel and catering operations”.

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Gaming operations	20,884.0	26,319.2	1,248.5	1,967.6
Hotel and catering operations:				
external sales	249.1	291.8		
inter-segment sales	134.8	124.3		
Eliminations	383.9 (134.8)	416.1 (124.3)	(156.2)	(216.3)
	249.1	291.8		
	21,133.1	26,611.0		
Reconciliation from segment results to profit before taxation:			1,092.3	1,751.3
Unallocated corporate income			42.8	109.6
Unallocated corporate expenses			(65.8)	(63.3)
Change in fair value of financial assets at fair value through profit or loss			15.0	(1.4)
Share of profits of an associate			20.6	3.6
Share of profits of a joint venture			3.1	3.2
Profit before taxation			1,108.0	1,803.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. OPERATING SEGMENTS (Continued)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment results represent the profit earned by each segment without allocation of corporate income and expenses, change in fair value of financial assets at fair value through profit or loss, share of results of an associate/a joint venture and income tax expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

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

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	13,571.8	14,542.1
hotel and catering operations	4,722.0	5,188.3
	18,293.8	19,730.4
Interest in an associate	137.6	109.8
Interest in a joint venture	111.3	108.2
Unallocated bank deposits, bank balances and cash	5,850.0	7,152.0
Other unallocated assets	11,678.3	9,754.3
Group's total	36,071.0	36,854.7
LIABILITIES		
Long-term bank loans:		
gaming operations	278.3	315.6
hotel and catering operations	350.2	397.2
	628.5	712.8
Other segment liabilities:		
gaming operations	9,390.0	10,486.4
hotel and catering operations	284.9	320.5
	9,674.9	10,806.9
Total segment liabilities	10,303.4	11,519.7
Unallocated liabilities	1,974.3	1,855.6
Group's total	12,277.7	13,375.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. OPERATING SEGMENTS (Continued)

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

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

- (i) other unallocated assets mainly include certain land use rights, certain property and equipment, available-for-sale investment in equity securities, amounts due from an associate/a joint venture/ an investee company, art works and diamonds and financial assets at fair value through profit or loss.
- (ii) unallocated liabilities mainly include amounts due to non-controlling interests of subsidiaries and payable for acquisition of land use rights.
- (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 (i) above.
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments as mentioned in (ii) above.

5. GAMING REVENUE

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	10,167.8	14,225.9
mass market table gaming operations	10,179.4	11,507.9
slot machine and other gaming operations	536.8	585.4
	20,884.0	26,319.2

6. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Interests on:		
bank borrowings	10.8	14.6
acquisition of land use rights	12.0	20.2
Imputed interest on amount due to non-controlling interests of a subsidiary	13.7	13.8
	36.5	48.6
Less: Amount capitalised	(12.0)	(20.2)
	24.5	28.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Other staff costs, excluding share-based payments	2,819.5	3,017.4
Share-based payments to staff	21.1	49.8
Total other staff costs	2,840.6	3,067.2
Directors' remuneration, including share-based payments to directors of HK\$71.6 million (six months ended 30 June 2015: HK\$19.1 million)	121.3	66.7
Share-based payments to other participants (included in operating and administrative expenses)	0.9	2.2
Amortisation of intangible asset (included in operating and administrative expenses)	3.2	3.1
Loss on fair value change of financial assets at fair value through profit or loss	—	1.4
Depreciation of property and equipment	536.7	553.2
Loss on disposal/write-off of property and equipment	—	3.6
Operating lease rentals in respect of land use rights	22.6	22.6
<i>and after crediting:</i>		
Interest income from bank deposits	77.7	153.8
Gain on fair value change of financial assets at fair value through profit or loss	15.0	—
Gain on disposal/write-off of property and equipment	2.2	—

8. TAXATION

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Current period taxation — Macau SAR Complementary Tax	32.8	26.5
Deferred taxation	(14.2)	(6.0)
	18.6	20.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

8. TAXATION (Continued)

No provision for Macau SAR Complementary Tax ("CT") on gaming related income is made for a subsidiary of the Company, Sociedade de Jogos de Macau, S.A. ("SJM"). Pursuant to the approval notice issued by Macau SAR government dated 23 November 2011, SJM has been exempted from CT for income generated from gaming operations for the years from 2012 to 2016.

In addition, pursuant to the approval letter dated 10 August 2012 issued by the Finance Services Bureau of the Macau SAR government, SJM's shareholders were obligated to pay a dividend tax of MOP42.3 million (equivalent to HK\$41.1 million) for dividend distribution by SJM (the "Special Complementary Tax") for each of the years from 2012 to 2016. During the six months ended 30 June 2016, the Company, as a shareholder of SJM, was obligated to pay HK\$20.5 million (six months ended 30 June 2015: HK\$20.5 million).

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

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

9. DIVIDENDS

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Final dividend per ordinary share		
— HK15 cents for 2015	848.5	—
— HK62 cents for 2014	—	3,507.2
	848.5	3,507.2

On 8 August 2016, the board of directors of the Company has resolved to declare an interim dividend of HK6 cents per ordinary share amounting to HK\$339.4 million in aggregate for the six months ended 30 June 2016 (six months ended 30 June 2015: HK10 cents per ordinary share).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	1,097.4	1,791.0

	Six months ended 30 June	
	2016 (unaudited)	2015 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,656,786,985	5,656,275,702
Effect of dilutive potential ordinary shares on share options	2,421,421	5,408,799
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,659,208,406	5,661,684,501

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

11. PROPERTY AND EQUIPMENT

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
<i>Carrying values</i>		
Leasehold land and buildings	3,080.8	3,196.7
Chips	8.9	13.4
Furniture, fixtures and equipment	1,723.7	1,898.3
Gaming equipment	151.9	140.8
Leasehold improvements	582.4	672.1
Motor vehicles	13.2	15.9
Vessels	239.6	246.2
Construction in progress	10,280.3	7,871.0
Total	16,080.8	14,054.4

During the period, the Group incurred HK\$2,563.7 million (six months ended 30 June 2015: HK\$1,131.2 million) on acquisition of property and equipment to expand and upgrade its facilities.

At the end of the reporting period, the Group's buildings in Macau SAR are erected on land which is held under medium-term land use rights.

At 30 June 2016, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$1,638.1 million (31 December 2015: HK\$1,805.9 million) in respect of the Group's gaming business have to be returned to the Macau SAR government upon completion of the term of the concession in 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

12. LAND USE RIGHTS

	For the six months ended 30 June 2016 HK\$ million (unaudited)	For the year ended 31 December 2015 HK\$ million (audited)
Carrying values		
At 1 January	2,634.5	2,728.9
Interest capitalised	12.0	36.4
Released to profit or loss during the period/year	(21.2)	(42.5)
Released and capitalised to construction in progress during the period/year	(44.7)	(88.3)
At 30 June/31 December	2,580.6	2,634.5

The amount represents prepayment of rentals for medium-term land use rights situated in Macau SAR.

In 2012, the Group accepted a land concession contract with Macau SAR government in respect of the lease of a parcel of land in Macau SAR for the development and operation of a casino, hotel and entertainment complex for 25 years (the "Grand Lisboa Palace Project"). Pursuant to the land concession contract, the total land premium is HK\$2,087.9 million. The land concession contract was approved and the grant of land use rights was finalised by Macau SAR government in 2013. The remaining land premium payable to Macau SAR government would be paid by 8 semi-annual instalments together with a fixed interest of 5% per annum. Details are set out in the Company's announcements dated 19 October 2012 and 15 May 2013.

13. ART WORKS AND DIAMONDS

The amounts represent the aggregate cost of art works and diamonds held by the Group. In the opinion of the directors of the Company, the recoverable amounts of the art works and diamonds are at least their carrying amounts at the end of both reporting periods.

14. AVAILABLE-FOR-SALE INVESTMENT IN EQUITY SECURITIES

The amount comprises equity shares listed in Hong Kong that are carried at fair value which is the quoted bid price in an active market at the end of both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

15. OTHER FINANCIAL ASSETS

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	180.4	177.4
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.4	14.4
Amount due from an investee company	63.0	66.0
	346.2	346.2

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and have no fixed repayment terms. At 30 June 2016, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as a non-current assets.

16. PLEDGED BANK DEPOSITS

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Bank deposits pledged to secure:		
bank facilities (Note (a))	145.6	145.6
bank facilities (Note (b))	—	278.5
Non-current portion	145.6	424.1
Bank deposits pledged:		
to secure bank facilities (Note (b))	312.0	79.6
others	1.3	1.3
Current portion	313.3	80.9
	458.9	505.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

16. PLEDGED BANK DEPOSITS (Continued)

Notes:

- (a) Amount represents deposits pledged to secure the bank facilities granted to a subsidiary of the Company. The bank facilities represent a guarantee amounting to HK\$291.3 million from 1 April 2007 to the earlier of 180 days after the expiry of the gaming concession contract or 31 March 2020, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the gaming concession contract.
- (b) Amount represents deposits pledged to secure the bank facilities granted to a subsidiary of the Company of which HK\$312.0 million (31 December 2015: HK\$79.6 million) would be released within 12 months from the end of the reporting period. Such deposits are denominated in Renminbi.

At 30 June 2016, the pledged bank deposits carry fixed interest rates ranging from 1.1% to 2.75% (31 December 2015: 1.2% to 2.75%) per annum.

17. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Advances to gaming promoters and patrons, net	519.8	646.9
Other receivables from gaming promoters and service providers, net	521.9	528.1
Prepayments	233.0	183.9
Other sundry receivables	283.6	299.3
	1,558.3	1,658.2

Advances to gaming promoters and patrons 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. For advances to gaming patrons, the credit period granted to pre-approved gaming patrons with good financial track records is generally 15 days. At 30 June 2016, all of the advances to gaming promoters and patrons (net of allowances) are neither past due nor impaired.

Advances are only granted to gaming promoters and patrons 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

17. TRADE AND OTHER RECEIVABLES (Continued)

Other receivables from gaming promoters and service providers represent certain operating costs to be reimbursed from gaming promoters and service providers.

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

Age	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
0 to 30 days	519.8	646.9

Movement in the allowance for doubtful debts

	For the six months ended 30 June 2016 HK\$ million (unaudited)	For the year ended 31 December 2015 HK\$ million (audited)
At 1 January	132.5	82.8
Allowance for doubtful debts	—	49.7
At 30 June/31 December	132.5	132.5

Allowance for doubtful debts with an aggregate balance of HK\$132.5 million (31 December 2015: HK\$132.5 million) mainly represent individually impaired receivables from gaming promoters as the management considered the outstanding balances from these gaming promoters were uncollectible.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

17. TRADE AND OTHER RECEIVABLES (Continued)

Prepayments and other receivables of the Group which included certain balances between the Group and related companies are detailed as follows:

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	34.0	24.3
An associate of the Group	4.4	1.4
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	222.9	209.7
	261.3	235.4

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount comprises equity shares listed in Hong Kong that are carried at fair value which is the quoted bid price in an active market at the end of both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

19. TRADE AND OTHER PAYABLES

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Trade payables	1,037.2	1,309.5
Special gaming tax payable	1,142.8	1,402.8
Chips in circulation	3,979.6	4,403.4
Chips in custody and deposits received from gaming promoters and gaming patrons	1,296.0	1,280.9
Payable for acquisition of property and equipment	79.3	86.6
Construction payables	1,378.6	1,210.1
Accrued staff costs	1,097.8	1,045.6
Rentals payables	215.9	187.7
Withholding tax payable for gaming promoters and employees	15.5	17.1
Other sundry payables and accruals	382.2	390.2
	10,624.9	11,333.9
Less: Non-current portion	(744.6)	(603.6)
Current portion	9,880.3	10,730.3

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

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Age		
0 to 30 days	1,028.2	1,298.7
31 to 60 days	4.2	7.0
61 to 90 days	2.2	1.9
Over 90 days	2.6	1.9
	1,037.2	1,309.5

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

19. TRADE AND OTHER PAYABLES (Continued)

Trade and other payables of the Group which included certain balances between the Group and related companies are detailed as follows:

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	161.8	173.1
An associate of the Group	355.6	297.7
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	324.3	396.8
	841.7	867.6

20. PAYABLE FOR ACQUISITION OF LAND USE RIGHTS

As at 30 June 2016, total payable for acquisition of land use rights amounted to HK\$352.5 million (31 December 2015: HK\$522.3 million), of which HK\$352.5 million (31 December 2015: HK\$343.9 million) is included in current liabilities, and nil (31 December 2015: the remaining balance of HK\$178.4 million) is included in non-current liabilities, which would be payable after 12 months from the end of the reporting period according to the land concession contract for the Grand Lisboa Palace Project set out in note 12.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

21. LONG-TERM BANK LOANS

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
The syndicated secured long-term bank loans are repayable:		
within one year	628.5	158.4
between one to two years	—	554.4
Less: Current portion	628.5 (628.5)	712.8 (158.4)
Non-current portion	—	554.4

At the end of the reporting period, the Group's syndicated secured bank loans carry interest rate at 2.75% (31 December 2015: 2.75%) over 3-month HIBOR per annum with effective interest rate at 3.32% (31 December 2015: 3.14%) per annum and are all denominated in Hong Kong dollars, except for a loan amounting to HK\$309 million denominated in Renminbi (31 December 2015: HK\$353.9 million) which carried fixed interest rate of 3.0% per annum. The purpose of the loans is to finance the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders. At 30 June 2016, the loans were secured by certain of the Group's property and equipment and land use right with carrying values of HK\$815.9 million (31 December 2015: HK\$883.2 million) and HK\$65.1 million (31 December 2015: HK\$67.5 million) respectively. In addition, the other key terms and securities for such bank loans are set out as follows:

- (i) a pledged bank deposit amounting to HK\$312.0 million (31 December 2015: HK\$358.1 million);
- (ii) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$2,400 million (31 December 2015: HK\$2,400 million) and HK\$1,176 million (31 December 2015: HK\$1,176 million) respectively;
- (iii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited (“Pier 16 – Property”) and its subsidiaries, if default;
- (iv) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (v) an unconditional and irrevocable funding and completion undertaking for phase 3 development project in Ponte 16;
- (vi) assignments of all the rights and benefits of insurance policies and construction contracts relating to certain properties held by the Group, if default; and
- (vii) share pledges over the shares of certain subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

22. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At the end of the reporting period, the amounts comprise:

- (i) HK\$518.0 million (31 December 2015: HK\$630.0 million) which is unsecured, interest-free and to be repaid from surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interests.

During the six months ended 30 June 2016, imputed interest of HK\$13.7 million (for the year ended 31 December 2015: HK\$25.1 million) on the amount due to the non-controlling interests of the subsidiary of HK\$518.0 million (31 December 2015: HK\$630.0 million), which has been recognised based on the principal amount of HK\$611.4 million (31 December 2015: HK\$758.4 million) at a weighted average original interest rate of approximately 3.5% (31 December 2015: 4.1%) per annum.

The relevant bank facility allows the subsidiary to repay shareholders' loan, subject to certain terms and conditions, including certain leverage ratio requirements. On this basis, the Group agreed with the non-controlling shareholders of that subsidiary on the amounts and timing of the repayment of the amount due to them, taking into account the estimate of amounts and timing of repayment of bank loans pursuant to the bank facility agreement. The amount is classified as non-current liabilities at 30 June 2016 and 31 December 2015. During the six months ended 30 June 2016, these carrying amounts have been adjusted by HK\$21.3 million (31 December 2015: HK\$68.3 million) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

- (ii) HK\$5.0 million (31 December 2015: HK\$5.0 million) which is unsecured, interest-free and repayable on demand.

23. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2015	5,655,929,293	11,231.9
Exercise of share options	800,000	3.8
At 30 June 2015 (unaudited) and 31 December 2015 (audited)	5,656,729,293	11,235.7
Exercise of share options	250,000	1.0
At 30 June 2016 (unaudited)	5,656,979,293	11,236.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

24. SHARE OPTION SCHEME

A summary of the movements of the outstanding options during the six months ended 30 June 2016 under the share option scheme of the Company adopted on 13 May 2009 (the "Scheme") is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				Outstanding at 30.6.2016
					Outstanding at 1.1.2016	Granted during the period	Exercised during the period	Lapsed during the period	
Directors	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	3,000,000	—	—	—	3,000,000
	31.8.2010	31.8.2010 to 27.2.2011	28.2.2011 to 27.2.2020	7.48	3,000,000	—	—	—	3,000,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	7,000,000	—	—	—	7,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	38,669,000	—	—	—	38,669,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	38,669,000	—	—	—	38,669,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	38,662,000	—	—	—	38,662,000
	Employees	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	2,290,000	—	(250,000)	—
26.5.2010		26.5.2010 to 25.11.2010	26.11.2010 to 25.11.2019	5.03	260,000	—	—	—	260,000
8.10.2013		8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	13,795,000	—	—	(16,000)	13,779,000
8.10.2013		8.10.2013 to 7.10.2014	8.10.2014 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
8.10.2013		8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	13,742,000	—	—	(16,000)	13,726,000
8.10.2013		8.10.2013 to 7.10.2015	8.10.2015 to 7.4.2023	22	500,000	—	—	—	500,000
8.10.2013		8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	13,717,000	—	—	(8,000)	13,709,000
8.10.2013		8.10.2013 to 7.10.2016	8.10.2016 to 7.4.2023	22	500,000	—	—	—	500,000
8.10.2013		8.10.2013 to 7.10.2017	8.10.2017 to 7.4.2023	22	500,000	—	—	—	500,000
8.10.2013		8.10.2013 to 7.10.2018	8.10.2018 to 7.4.2023	22	500,000	—	—	—	500,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

24. SHARE OPTION SCHEME (Continued)

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				Outstanding at 30.6.2016
					Outstanding at 1.1.2016	Granted during the period	Exercised during the period	Lapsed during the period	
Employees	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	3,308,000	—	—	(30,000)	3,278,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	3,288,000	—	—	(79,000)	3,209,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	3,159,000	—	—	(77,000)	3,082,000
	11.5.2016	11.5.2016 to 10.11.2016	11.11.2016 to 10.11.2025	4.89	—	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2017	11.11.2017 to 10.11.2025	4.89	—	1,000,000	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2018	11.11.2018 to 10.11.2025	4.89	—	1,000,000	—	—	1,000,000
Other participants	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	300,000	—	—	—	300,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	567,000	—	—	(200,000)	367,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	567,000	—	—	(200,000)	367,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	566,000	—	—	(200,000)	366,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	276,000	—	—	—	276,000
					191,389,000	3,000,000	(250,000)	(826,000)	193,313,000
Weighted average exercise price per share					HK\$12.79	HK\$4.89	HK\$2.82	HK\$19.26	HK\$12.65

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

24. SHARE OPTION SCHEME (Continued)

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$4.80 (six months ended 30 June 2015: HK\$9.95). At the end of the reporting period, 104,638,000 share options are exercisable (31 December 2015: 90,275,000 share options).

On 15 June 2015, a total of approximately 126.7 million share options with the estimated fair value of approximately HK\$436.5 million at the date of grant to directors of the Company, employees and other participants, were granted at an exercise price of HK\$9.826 per share under the terms of the Scheme. Total consideration received from the Participants for taking up the options granted amounted to approximately HK\$280.

On 11 May 2016, a total of 3.0 million share options with the estimated fair value of approximately HK\$4.9 million at the date of grant to employee, were granted at an exercise price of HK\$4.89 per share under the terms of the Scheme. Total consideration received from the participant for taking up the options granted amounted to HK\$1.

The Company's share options granted to other participants are by reference to the fair values of the share options granted to employees for providing similar management services.

The Group recognised total expenses of HK\$93.6 million during the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$71.1 million) in relation to share options granted by the Company.

25. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Land use rights		Rented premises	
	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Within one year	4.6	4.6	207.6	265.7
In the second to fifth year inclusive	39.0	35.7	177.5	213.9
After five years	176.7	182.3	—	—
	220.3	222.6	385.1	479.6

Leases of rented premises are negotiated for terms ranging from 1 to 13 years.

Lease terms of land use rights in Macau SAR are negotiated for a term of 25 years at a fixed rental, which is subject to revision in the future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

25. OPERATING LEASE COMMITMENTS (Continued)

As at 30 June 2016, operating lease rentals committed to related parties amounted to HK\$319.3 million (31 December 2015: HK\$396.9 million), which fall due as follows:

	Rented premises	
	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Within one year	157.7	207.6
In the second to fifth year inclusive	161.6	189.3
	319.3	396.9

26. CAPITAL COMMITMENTS

	At 30 June 2016 HK\$ million (unaudited)	At 31 December 2015 HK\$ million (audited)
Capital expenditure in respect of property and equipment: authorised but not contracted for:		
Grand Lisboa Palace Project	12,021.9	13,960.6
Others	211.7	146.1
	12,233.6	14,106.7
contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	10,230.9	10,140.3
Others	755.4	987.0
	10,986.3	11,127.3

As at 30 June 2016, capital expenditure in respect of property and equipment committed to related parties amounted to HK\$1,721.4 million (31 December 2015: HK\$2,418.1 million).

Up to 30 June 2016, the estimated total construction costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$30,000 million (31 December 2015: HK\$30,000 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

27. CONTINGENT LIABILITIES AND GUARANTEES

	At 30 June 2016		At 31 December 2015	
	Maximum guarantees given HK\$ million (unaudited)	Credit facilities utilised HK\$ million (unaudited)	Maximum guarantees given HK\$ million (audited)	Credit facilities utilised HK\$ million (audited)
Guarantees given to banks in respect of credit facilities granted to:				
an associate	67.3	1.9	67.3	1.9
an investee company	20.0	—	20.0	—
	87.3	1.9	87.3	1.9

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's available-for-sale investments in equity securities and financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 based on the degree to which the fair value is observable.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

29. RELATED PARTY TRANSACTIONS

- (a) Other than the transactions and balances with related parties disclosed in respective notes in the condensed consolidated financial statements, during the period, the Group had the following significant transactions with related parties and/or connected parties (as defined under Chapter 14A of the Listing Rules):

Relationship	Nature of transactions	Six months ended 30 June	
		2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Property rentals (note 29(c))	137.4	142.4
	Transportation (note 29(d))	65.4	77.6
	Hotel accommodation (note 29(d))	20.4	47.8
	Entertainment and staff messing (note 29(d))	16.8	25.7
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Share of administrative expenses (note 29(e))	0.8	0.7
	Cleaning services (note 29(f))	11.7	11.6
	Hotel management and operation (note 29(d) and (f))	14.1	14.0
	Promotional and advertising services (note 29(d) and (f))	4.4	8.2
	Dredging services (note 29(d) and (f))	—	0.3
	Maintenance services (note 29(d) and (f))	7.4	7.5
	Others (note 29(f))	7.2	6.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

29. RELATED PARTY TRANSACTIONS (Continued)

Relationship	Nature of transactions	Six months ended 30 June	
		2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Service fees in relation to the promotion of a casino (note 29(g))	569.8	701.5
	Transportation (note 29(h))	19.3	22.3
	Property rentals (note 29(i))	79.3	79.5
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Others (note 29(f))	15.0	16.1
Entities other than the above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	Service fees in relation to the promotion of a casino (note 29(j))	348.0	448.8
	Insurance expenses	50.3	48.3
	Promotion and advertising expenses	1.1	1.2
	Service fee in relation to foreign currencies exchange	6.2	7.5
	Construction costs	166.0	51.7
	Others	6.7	7.4
An associate	Construction costs and management fee paid	693.0	145.7
A joint venture	Property rentals	7.2	7.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

29. RELATED PARTY TRANSACTIONS (Continued)

- (b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, STDM transferred its gaming assets to SJM. SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the gaming concession contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the six months ended 30 June 2016, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (for the six months ended 30 June 2015: HK\$0.4 million).
- (c) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The amounts of transactions during the period were disclosed in note 29(a) above.
- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and/or its associates (the "Products and Services Master Agreement") to the Group. The types of products and services include hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM ("Renewed Master Agreement") for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operations, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 29(f). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014 for a term of three years from 1 January 2014 with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment and staff messing, transportation, hotel management and operation, and maintenance services. The transaction amounts for the dredging services, hotel management and operations and maintenance services during the period were de minimis as described in note 29(f).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

29. RELATED PARTY TRANSACTIONS (Continued)

- (e) The Company entered into an agreement with STDM dated 18 June 2008 (the “Administrative Cost Sharing Agreement”) whereby STDM and/or its associates have agreed to continue to share certain administrative services including, among others, general public relations work, promotional functions, arranging ticketing and hotel accommodations, transportation and the provision of storage services with the Group and the Group has agreed to pay for the shared services on a cost basis. The amount of administrative costs shared between the Group and the STDM Group is calculated based on an estimate of (i) the actual time spent by each department for providing services to the Group and the STDM Group respectively recorded on time sheets and (ii) the floor area occupied, respectively, by the Group and the STDM Group for storage services.

On 19 June 2011, the Company entered into an agreement with STDM to renew the Administrative Cost Sharing Agreement in sharing the above-mentioned administrative services. The renewed agreement expired on 31 December 2013 and exempted as continuing connected transactions under Rule 14A.98 of the Listing Rules. The amount of transactions during the period was disclosed in note 29(a) above.

- (f) These are de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders’ approval requirements as defined under Rule 14A.76(1)(a) of the Listing Rules.
- (g) SJM entered into an agreement with Tin Hou Limited (“Tin Hou”) dated 19 February 2010 regarding the provision of management services and promotion service to SJM in the gaming area of Grand Emperor Hotel in Macau SAR for the period from 1 October 2009 to the expiry of SJM’s gaming license on 31 March 2020 or any earlier termination with 21 days’ notice to other party who is in default of the agreement. Tin Hou is a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and is a connected person of the Company pursuant to Rule 14A.07(4) and Rule 14A.12(2)(a) of the Listing Rules.
- (h) On 24 June 2011, SJM, a subsidiary of the Company, and Shun Tak & CITS Coach (Macao) Limited (“ST-CITS”) entered into a master service agreement to formalise business arrangements between the Group and the ST-CITS together with its subsidiaries in relation to the provision of the transportation services within Macau locally as well as operating cross border routes to mainland cities of China.

This master service agreement is for a term of three years, provided that either party may terminate this agreement at any time by giving six months’ prior written notice to the other party, however, such termination shall not affect the duration of the contracts entered into prior to 24 June 2011, which shall continue in full force and effect until 31 December 2013. Such agreement expired on 31 December 2013 and was renewed on 6 December 2013 for a term of three years from 1 January 2014 with similar terms as the previous agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

29. RELATED PARTY TRANSACTIONS (Continued)

- (i) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group effective from 1 January 2014. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 December 2016. The amounts of transactions during the period were disclosed in note 29(a) above.
- (j) Service fees in relation to the promotion of a casino were paid to an entity in which certain directors of the Group were the directors and/or key management personnel of the entity.
- (k) Save as disclosed in note 21, in addition to the securities provided by the Group to the relevant bank, the syndicated secured bank loans are also secured by non-controlling shareholders of a subsidiary of the Group. At the end of the reporting period, the key terms and securities are set out as follows:
 - (i) financial guarantee with promissory note of HK\$1,176 million (31 December 2015: HK\$1,176 million);
 - (ii) an unconditional and irrevocable funding undertaking for the purpose of satisfying the construction costs of certain properties in Ponte 16 which include (i) the land premium and all other premiums and sums of money payable to the Governmental Agency of Macau SAR in respect of properties in Ponte 16; (ii) all construction costs and all operating costs to be incurred; and (iii) all financial costs and expenses, including interest payable in respect of the syndicated secured bank loans facility;
 - (iii) an unconditional and irrevocable undertaking for the purpose of ensuring the completion of phase 3 development project in Ponte 16; and
 - (iv) share pledges over the shares in Pier 16 – Property and its subsidiaries.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Executive Director

Dr. Ho Hung Sun, Stanley

Non-executive Director

Dr. Cheng Kar Shun

Independent Non-executive Directors

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

Mr. Tse Hau Yin

Executive Director and Chief Executive Officer

Dr. So Shu Fai

Executive Director and Chief Operating Officer

Mr. Ng Chi Sing

Executive Directors

Dr. Rui José da Cunha

Mr. Fok Tsun Ting, Timothy

Deputada Leong On Kei, Angela

Mr. Shum Hong Kuen, David

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

NOMINATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)

Dr. Lan Hong Tsung, David

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Mr. Shum Hong Kuen, David

Dr. So Shu Fai

Mr. Tse Hau Yin

REMUNERATION COMMITTEE

Dr. Lan Hong Tsung, David (*Committee Chairman*)

Mr. Chau Tak Hay

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

CHIEF FINANCIAL OFFICER

Mr. McBain, Robert Earle

GROUP LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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One International Finance Centre
1 Harbour View Street, Central
Hong Kong

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Fax: (852) 3960 8111

Website: <http://www.sjmholdings.com>

Email (Investor Relations): ir@sjmholdings.com

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880: HK (Bloomberg)

Board lot: 1,000 shares

Designated Security Eligible for short selling

Constituent of Hang Seng HK35 Index

Eligible Stock for both “buy” and “sell” of

Southbound Trading of Shanghai-Hong Kong

Stock Connect

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen’s Road East, Wanchai

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

Website: <http://www.computershare.com.hk>

Email: hkinfo@computershare.com.hk

LEGAL ADVISORS

On Hong Kong Law:

Baker & McKenzie

Herbert Smith Freehills

Linklaters

On Macau Law:

C&C Advogados

Riquito Advogados

FINANCIAL ADVISOR

Somerley Capital Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

DEFINITIONS

In this report, unless the context states otherwise, the following expressions shall have the following meanings:

- "Adjusted EBITDA" : earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal/write-off of property and equipment and share-based payments
- "Adjusted EBITDA Margin" : the Adjusted EBITDA divided by total revenue
- "Adjusted Property EBITDA" : earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposal/write-off of property and equipment and share-based payments, and before elimination of inter-company consumption
- "Adjusted Property EBITDA Margin" : the Adjusted Property EBITDA divided by total revenue
- "Administrative Cost Sharing Agreement" : the agreement dated 18 June 2008 entered into between the Company and STDM by which STDM and/or its associates (as defined in the Listing Rules) and the Group have agreed to share the costs of certain administrative services, which was renewed on 19 June 2011 and expired on 31 December 2013
- "Board" : the board of Directors of the Company
- "Chips Agreement" : the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM's gaming operations
- "CODM" : the chief operation decision maker, which is a group of executive Directors who regularly analyses gaming revenue in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations
- "Company" : SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
- "connected person(s)" : has the meaning ascribed to it under the Listing Rules
- "CT" : the Complementary Tax of the Macau SAR

DEFINITIONS

“DICJ”	: Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau) in Macau
“Director(s)”	: the director(s) of the Company
“Grand Lisboa Palace Project”	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
“Group”	: the Company and its subsidiaries
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HKAS”	: Hong Kong Accounting Standard
“HK GAAP”	: Hong Kong generally accepted accounting principles
“HKFRSs”	: Hong Kong Financial Reporting Standards
“HKICPA”	: Hong Kong Institute of Certified Public Accountants
“Listing Rules”	: The Rules Governing the Listing of Securities on the Stock Exchange
“Macau” or “Macau SAR”	: the Macau Special Administrative Region of the People’s Republic of China
“Model Code”	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“Options”	: share options which the Directors may grant to any participants of the Scheme
“Other Self-promoted Casinos and Slot Halls”	: Casino Lisboa and Casino Oceanus at Jai Alai
“Pier 16 – Property”	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
“Products and Services Master Agreement”	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group

DEFINITIONS

“Renewed Master Agreement”	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to renewal of the Products and Services Master Agreement which was further renewed on 6 January 2014 for a term of three years from 1 January 2014
“Scheme”	: the share option scheme of the Company adopted on 13 May 2009
“SFO”	: the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	: the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“SJM”	: Sociedade de Jogos de Macau, S.A., a joint stock company “sociedade anónima” incorporated under the laws of Macau and a subsidiary of the Company
“Special Complementary Tax”	: the dividend tax which the shareholders are obligated to pay to Macau SAR government for dividend distribution
“ST-CITS”	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
“STDM Group”	: STDM and its associates (as defined in the Listing Rules), excluding the Group
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Tin Hou”	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company
“the Reporting Period”	: the period for the six months ended 30 June 2016
“US GAAP”	: United States generally accepted accounting principles
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	: per cent



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<http://www.sjmholdings.com>

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澳門博彩控股有限公司

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