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澳門博彩控股有限公司
SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the six months ended		Decrease
	2016	2015	
	HK\$ million (unaudited)	HK\$ million (unaudited)	
Total Group revenue	21,133	26,611	(20.6%)
Gaming revenue	20,884	26,319	(20.7%)
Adjusted EBITDA*	1,634	2,262	(27.8%)
Profit attributable to owners of the Company	1,097	1,791	(38.7%)
Earnings per share — basic	HK19.4 cents	HK31.7 cents	(38.8%)
— diluted	HK19.4 cents	HK31.7 cents	(38.8%)
Interim dividend per ordinary share	HK6.0 cents	HK10.0 cents	(40.0%)

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

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK6 cents per ordinary share of the Company (the “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 of the Company whose names appear on the register of members of the Company on 2 September 2016.

OPERATING HIGHLIGHTS

- The Group’s gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company decreased by 20.7%, 27.8% and 38.7%, respectively, from the year-earlier period, whilst the Group’s Adjusted EBITDA Margin (Hong Kong GAAP basis) decreased to 7.7% from 8.5%.
- Mass market table gaming revenue of the Group decreased by 11.5% and VIP gaming revenue showed a decrease of 28.5% during the first half of 2016, compared with the year-earlier period. During the same period, slot machine operations revenue decreased by 8.3% compared with the year-earlier period.
- Sociedade de Jogos de Macau, S.A. (“SJM”) had a 20.0% share of Macau’s gaming revenue, including 23.1% of mass market table gaming revenue and 18.4% of VIP gaming revenue.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$14,619 million as at 30 June 2016.
- The Group’s flagship Casino Grand Lisboa decreased revenue, Adjusted Property EBITDA and attributable profit by 25.3%, 30.8% and 35.2%, respectively, as compared to the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa increased by 10.4% from the year-earlier period to 90.5%. Average daily room rate decreased during the period by 32.9% to HK\$1,609.
- The Grand Lisboa Palace, the Group’s integrated resort on Cotai continued to make good progress on construction during the first half of 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 <i>HK\$ million</i> (unaudited)	2015 <i>HK\$ million</i> (unaudited)
Gaming, hotel, catering and related services revenues		<u>21,133.1</u>	<u>26,611.0</u>
Gaming revenue	4	20,884.0	26,319.2
Special gaming tax, special levy and gaming premium		<u>(8,100.1)</u>	<u>(10,182.5)</u>
		12,783.9	16,136.7
Hotel, catering and related services income		249.1	291.8
Cost of sales and services on hotel, catering and related services		(112.9)	(123.0)
Other income, gains and losses		108.1	164.7
Marketing and promotional expenses		(7,658.5)	(10,108.7)
Operating and administrative expenses		(4,260.9)	(4,536.9)
Finance costs	5	(24.5)	(28.4)
Share of profits of an associate		20.6	3.6
Share of profits of a joint venture		<u>3.1</u>	<u>3.2</u>
Profit before taxation	6	1,108.0	1,803.0
Taxation	7	<u>(18.6)</u>	<u>(20.5)</u>
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		<u>—</u>	<u>(79.5)</u>
Total comprehensive income for the period		<u>1,089.4</u>	<u>1,703.0</u>
Profit for the period attributable to:			
owners of the Company		1,097.4	1,791.0
non-controlling interests		<u>(8.0)</u>	<u>(8.5)</u>
		<u>1,089.4</u>	<u>1,782.5</u>
Total comprehensive income for the period attributable to:			
owners of the Company		1,097.4	1,711.5
non-controlling interests		<u>(8.0)</u>	<u>(8.5)</u>
		<u>1,089.4</u>	<u>1,703.0</u>
Earnings per share:			
Basic	9	<u>HK19.4 cents</u>	<u>HK31.7 cents</u>
Diluted	9	<u>HK19.4 cents</u>	<u>HK31.7 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2016*

		At 30 June 2016	At 31 December 2015
	Notes	<i>HK\$ million</i> (unaudited)	<i>HK\$ million</i> (audited)
Non-current liabilities			
Other payables	11	744.6	603.6
Payable for acquisition of land use rights		—	178.4
Long-term bank loans		—	554.4
Amounts due to non-controlling interests of subsidiaries		518.0	630.0
Deferred taxation		97.3	111.6
		<u>1,359.9</u>	<u>2,078.0</u>
Net assets		<u>23,793.3</u>	<u>23,479.4</u>
Capital and reserves			
Share capital		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		<u>23,793.3</u>	<u>23,479.4</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

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

The 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.

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

2. BASIS OF PREPARATION (Continued)

2.1 Application of new and revised HKFRSs

In the current interim period, 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.

3. OPERATING SEGMENTS

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

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

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

3. OPERATING SEGMENTS (Continued)

(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	2015	2016	2015
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gaming operations	<u>20,884.0</u>	<u>26,319.2</u>	1,248.5	1,967.6
Hotel and catering operations:				
external sales	249.1	291.8		
inter-segment sales	<u>134.8</u>	<u>124.3</u>		
	383.9	416.1	(156.2)	(216.3)
Eliminations	<u>(134.8)</u>	<u>(124.3)</u>		
	<u>249.1</u>	<u>291.8</u>		
	<u>21,133.1</u>	<u>26,611.0</u>		
			1,092.3	1,751.3
<i>Reconciliation from segment results to profit before taxation:</i>				
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			<u>3.1</u>	<u>3.2</u>
Profit before taxation			<u>1,108.0</u>	<u>1,803.0</u>

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 resource allocation and performance assessment.

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

3. OPERATING SEGMENTS (Continued)

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

	At 30 June 2016 <i>HK\$ million</i> (unaudited)	At 31 December 2015 <i>HK\$ million</i> (audited)
<i>Assets</i>		
Segment assets:		
gaming operations	13,571.8	14,542.1
hotel and catering operations	<u>4,722.0</u>	<u>5,188.3</u>
	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	<u>11,678.3</u>	<u>9,754.3</u>
Group's total	<u>36,071.0</u>	<u>36,854.7</u>
<i>Liabilities</i>		
Long-term bank loans:		
gaming operations	278.3	315.6
hotel and catering operations	<u>350.2</u>	<u>397.2</u>
	<u>628.5</u>	<u>712.8</u>
Other segment liabilities:		
gaming operations	9,390.0	10,486.4
hotel and catering operations	<u>284.9</u>	<u>320.5</u>
	<u>9,674.9</u>	<u>10,806.9</u>
Total segment liabilities	10,303.4	11,519.7
Unallocated liabilities	<u>1,974.3</u>	<u>1,855.6</u>
Group's total	<u>12,277.7</u>	<u>13,375.3</u>

3. OPERATING SEGMENTS (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.

4. GAMING REVENUE

	Six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
	(unaudited)	(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	<u>536.8</u>	<u>585.4</u>
	<u>20,884.0</u>	<u>26,319.2</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
	(unaudited)	(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	<u>13.7</u>	<u>13.8</u>
	36.5	48.6
Less: Amount capitalised	<u>(12.0)</u>	<u>(20.2)</u>
	<u>24.5</u>	<u>28.4</u>

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2016	2015
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(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	<u>21.1</u>	<u>49.8</u>
 Total other staff costs	 <u>2,840.6</u>	 <u>3,067.2</u>
 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	<u>2.2</u>	<u>—</u>

7. TAXATION

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

No provision for Macau SAR Complementary Tax (“CT”) on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notice issued by 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 operation outside Macau SAR had no assessable taxable profits arising from the respective jurisdictions.

8. DIVIDENDS

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

8. DIVIDENDS (Continued)

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).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>1,097.4</u>	<u>1,791.0</u>
	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
<i>Number of shares</i>		
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	<u>2,421,421</u>	<u>5,408,799</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,659,208,406</u>	<u>5,661,684,501</u>

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 <i>HK\$ million</i> (unaudited)	At 31 December 2015 <i>HK\$ million</i> (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
	<u>1,558.3</u>	<u>1,658.2</u>

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.

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

10. TRADE AND OTHER RECEIVABLES (Continued)

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:

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

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

11. TRADE AND OTHER PAYABLES

	At 30 June 2016 <i>HK\$ million</i> (unaudited)	At 31 December 2015 <i>HK\$ million</i> (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	<u>382.2</u>	<u>390.2</u>
	10,624.9	11,333.9
Less: Non-current portion	<u>(744.6)</u>	<u>(603.6)</u>
Current portion	<u>9,880.3</u>	<u>10,730.3</u>

11. TRADE AND OTHER PAYABLES (Continued)

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

<i>Age</i>	At 30 June 2016 <i>HK\$ million</i> (unaudited)	At 31 December 2015 <i>HK\$ million</i> (audited)
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	<u>2.6</u>	<u>1.9</u>
	<u>1,037.2</u>	<u>1,309.5</u>

The average credit period on trade payables is 90 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

BUSINESS REVIEW

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

Group Operating Results

The Group's total 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	2015	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
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.

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.

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.

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	
<i>VIP operations</i>			
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%)
<i>Mass market operations</i>			
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%
<i>Slot machine operations</i>			
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.

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		Decrease
	2016	2015	
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		Increase/ (Decrease)
	2016	2015	
<i>VIP operations</i>			
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%)
<i>Mass market operations</i>			
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%
<i>Slot machine operations</i>			
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.

Operating Results of Casino Segments — Satellite Casinos and Slot Hall

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		Increase/ (Decrease)
	2016	2015	
<i>VIP operations</i>			
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%)
<i>Mass market operations</i>			
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%
<i>Slot machine operations</i>			
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%

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.

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 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.

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 of the Company 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.

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

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
SJM HOLDINGS LIMITED
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 8 August 2016

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