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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

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) as follows.

### FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2022 HK\$ million	2021 HK\$ million	Increase/ (Decrease)
Net gaming revenue	6,092	9,608	(36.6%)
Hotel, catering, retail, leasing and other income	623	592	5.2%
Adjusted EBITDA*	(3,095)	(1,581)	(95.8%)
Loss attributable to owners of the Company	(7,798)	(4,144)	(88.2%)
Loss per share			
— basic	HK(122.6) cents	HK(68.2) cents	(79.8%)
— diluted	HK(122.6) cents	HK(68.2) cents	(79.8%)

\* Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on a bank loan, loss on derecognition of a bank loan, gain on early termination of lease contracts, sub-concession fee income and pre-opening expenses.

## PROPOSED FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2022 (2021: Nil).

## OPERATING HIGHLIGHTS

- Net gaming revenue earned by SJM Resorts, S.A. (“SJM”), a subsidiary of the Company, was HK\$6,092 million in 2022, as compared with HK\$9,608 million for the year 2021.
- Adjusted EBITDA of the Group was negative HK\$3,095 million, as compared with negative HK\$1,581 million for the year 2021.
- Loss attributable to owners of the Company was HK\$7,798 million, as compared with a loss HK\$4,144 million for the year 2021.
- SJM had a 15.8% share of Macau’s gaming revenue, including 19.8% of mass market table gross gaming revenue and 4.9% of VIP gross gaming revenue.
- The Grand Lisboa Palace, the Group’s integrated resort on Cotai, opened its doors to the public on 30 July 2021. Gross revenue of Grand Lisboa Palace was HK\$687 million, including gross gaming revenue of HK\$346 million and non-gaming revenue of HK\$341 million, as compared with gross gaming revenue HK\$200 million and non-gaming revenue HK\$170 million for the year 2021. After adjusting the pre-opening expenses of HK\$453 million, its Adjusted Property EBITDA was negative HK\$969 million, as compared with negative HK\$423 million for the year 2021.
- Grand Lisboa’s gross revenue was HK\$1,199 million, including gross gaming revenue HK\$1,067 million and non-gaming revenue HK\$132 million, as compared with gross gaming revenue HK\$2,152 million and non-gaming revenue HK\$170 million for the year 2021, whilst its Adjusted Property EBITDA was negative HK\$758 million, as compared with negative HK\$522 million for the year 2021.
- Grand Lisboa Palace Resort’s occupancy rate decreased by 16.5% to 32.2% for the full year, whilst the average room rate increased by 0.2% to HK\$916.
- Hotel Grand Lisboa’s occupancy rate decreased by 12.6% to 46.2% for the full year, whilst the average room rate decreased by 10.2% to HK\$634.
- The Group had HK\$8,010 million of cash, bank balances, short-term bank deposits and pledged bank deposits and HK\$31,777 million of debt as at 31 December 2022.
- On 20 June 2022 the Group completed a refinancing of its syndicated banking facilities, consisting of a HK\$9 billion term loan and a HK\$10 billion revolving credit, which was fully drawn as of 31 December 2022.
- On 16 December 2022 SJM signed a new gaming concession contract with the Macau Government for a 10-year period commencing on 1 January 2023 and ending on 31 December 2032 (see Prospects and Recent Developments — Macau Gaming Concession).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$ million	2021 HK\$ million
Gaming, hotel, catering, retail, leasing and related services revenues		<u>6,678.6</u>	<u>10,076.0</u>
Gaming revenue	4	6,092.0	9,607.9
Special gaming tax, special levy and gaming premium		<u>(2,680.6)</u>	<u>(4,185.8)</u>
		3,411.4	5,422.1
Hotel, catering, retail, leasing and related services income		586.6	468.1
Cost of sales and services on hotel, catering, retail, leasing and related services		(401.9)	(336.6)
Other income, gains and losses		36.2	124.0
Impairment loss on financial assets		(143.7)	—
Impairment loss on property and equipment		(1,214.9)	—
Marketing and promotional expenses		(462.5)	(1,147.3)
Operating and administrative expenses		(8,476.5)	(8,376.8)
Finance costs	5	(1,122.6)	(343.3)
Share of (losses) profits of an associate		(3.2)	8.1
Share of profits of a joint venture		<u>3.6</u>	<u>5.0</u>
Loss before taxation	6	(7,787.5)	(4,176.7)
Taxation	7	<u>(61.1)</u>	<u>(21.4)</u>
Loss for the year		(7,848.6)	(4,198.1)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		<u>(57.0)</u>	<u>(73.3)</u>
Total comprehensive expense for the year		<u>(7,905.6)</u>	<u>(4,271.4)</u>
Loss for the year attributable to			
— owners of the Company		(7,798.4)	(4,143.7)
— non-controlling interests		<u>(50.2)</u>	<u>(54.4)</u>
		<u>(7,848.6)</u>	<u>(4,198.1)</u>
Total comprehensive expense for the year attributable to			
— owners of the Company		(7,855.4)	(4,217.0)
— non-controlling interests		<u>(50.2)</u>	<u>(54.4)</u>
		<u>(7,905.6)</u>	<u>(4,271.4)</u>
			(Restated)
Loss per share			
— Basic	9	<u>HK(122.6) cents</u>	<u>HK(68.2) cents</u>
— Diluted	9	<u>HK(122.6) cents</u>	<u>HK(68.2) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Non-current assets			
Property and equipment		<b>40,049.7</b>	40,954.1
Right-of-use assets		<b>2,599.0</b>	2,994.9
Intangible asset		—	43.9
Art works and diamonds		<b>281.3</b>	281.3
Interest in an associate		<b>41.8</b>	353.5
Interest in a joint venture		<b>43.8</b>	144.8
Investments in equity instruments designated at fair value through other comprehensive income		<b>424.1</b>	481.1
Pledged bank deposit		<b>970.9</b>	—
Other assets		<b>357.1</b>	426.8
		<u><b>44,767.7</b></u>	<u>45,680.4</u>
Current assets			
Inventories		<b>146.7</b>	151.3
Trade and other receivables	<i>10</i>	<b>694.7</b>	726.1
Pledged bank deposits		<b>183.1</b>	147.0
Short-term bank deposits		<b>572.6</b>	177.2
Bank balances and cash		<b>6,282.9</b>	3,024.2
		<u><b>7,880.0</b></u>	<u>4,225.8</u>
Current liabilities			
Trade and other payables	<i>11</i>	<b>3,735.1</b>	5,517.8
Taxation payable		<b>50.5</b>	21.8
Bank loans — due within one year		<b>707.0</b>	13,185.9
Lease liabilities		<b>46.4</b>	344.0
		<u><b>4,539.0</b></u>	<u>19,069.5</u>
Net current assets (liabilities)		<u><b>3,341.0</b></u>	<u>(14,843.7)</u>
Total assets less current liabilities		<u><b>48,108.7</b></u>	<u>30,836.7</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 31 December 2022*

	<b>2022</b>	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Non-current liabilities		
Other payables	<b>71.4</b>	87.6
Bank loans — due after one year	<b>18,268.3</b>	—
Unsecured notes	<b>9,400.6</b>	9,388.0
Lease liabilities	<b>603.9</b>	639.9
Amount due to non-controlling interests of a subsidiary	<b>339.5</b>	305.6
Loan from ultimate holding company	<b>2,006.8</b>	—
Deferred taxation	<b>10.5</b>	10.5
Convertible bonds	<b>1,394.3</b>	—
	<b><u>32,095.3</u></b>	<b><u>10,431.6</u></b>
Net assets	<b><u>16,013.4</u></b>	<b><u>20,405.1</u></b>
Capital and reserves		
Share capital	<b>14,415.1</b>	11,479.3
Reserves	<b><u>1,583.5</u></b>	<b><u>8,864.2</u></b>
Equity attributable to owners of the Company	<b>15,998.6</b>	20,343.5
Non-controlling interests	<b><u>14.8</u></b>	<b><u>61.6</u></b>
Total equity	<b><u>16,013.4</u></b>	<b><u>20,405.1</u></b>

## NOTES TO THE 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 operations of casinos and related facilities, and hotel, catering, retail operations and related services 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 registered office and principal place of business of the Company is 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. The consolidated financial statements have also been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange and by the Hong Kong Companies Ordinance.

#### 2.1 Application of amendments to HKFRSs

##### *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. BASIS OF PREPARATION (Continued)

### 2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of some of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. OPERATING SEGMENTS

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

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

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

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

### 3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	2022	2021	2022	2021
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Gaming operations: recognised at a point in time	<u>6,092.0</u>	<u>9,607.9</u>	<b>(6,298.8)</b>	(3,305.8)
Hotel, catering, retail and leasing operations:				
— External sales				
Catering and retail operations: recognised at a point in time	298.3	268.0		
Hotel operations: recognised over time	141.6	124.5		
Leasing operations: revenue from operating leases	<u>146.7</u>	<u>75.6</u>		
	<u>586.6</u>	<u>468.1</u>		
— Inter-segment sales:				
Catering and retail operations: recognised at a point in time	45.7	36.4		
Hotel operations: recognised over time	<u>9.0</u>	<u>18.8</u>		
	<u>54.7</u>	<u>55.2</u>		
	641.3	523.3	<b>(1,355.0)</b>	(729.5)
Eliminations	<u>(54.7)</u>	<u>(55.2)</u>		
	<u>586.6</u>	<u>468.1</u>		
Total:				
Revenue from contracts with customers:				
recognised at a point in time	6,390.3	9,875.9		
recognised over time	<u>141.6</u>	<u>124.5</u>		
	6,531.9	10,000.4		
Revenue from operating leases: lease payments that are fixed	<u>146.7</u>	<u>75.6</u>		
	<u>6,678.6</u>	<u>10,076.0</u>		
			<b>(7,653.8)</b>	(4,035.3)
<b><i>Reconciliation from segment results to loss before taxation:</i></b>				
Unallocated corporate income			16.5	8.2
Unallocated corporate expenses			(150.6)	(162.7)
Share of (losses) profits of an associate			(3.2)	8.1
Share of profits of a joint venture			<u>3.6</u>	<u>5.0</u>
Loss before taxation			<u><b>(7,787.5)</b></u>	<u>(4,176.7)</u>

### 3. OPERATING SEGMENTS (Continued)

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the loss before taxation from each segment without allocation of corporate income and expenses and share of losses/profits of an associate and a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

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

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
<b><i>Assets</i></b>		
Segment assets:		
— gaming operations	35,903.6	30,145.0
— hotel, catering, retail and leasing operations	<u>9,501.0</u>	<u>9,105.4</u>
	45,404.6	39,250.4
Interest in an associate	41.8	353.5
Interest in a joint venture	43.8	144.8
Unallocated bank deposits, bank balances and cash	443.9	221.5
Other unallocated assets	<u>6,713.6</u>	<u>9,936.0</u>
Group's total	<u><u>52,647.7</u></u>	<u><u>49,906.2</u></u>
<b><i>Liabilities</i></b>		
Bank loans:		
— gaming operations	18,745.7	12,958.0
— hotel, catering, retail and leasing operations	<u>229.6</u>	<u>227.9</u>
	<u>18,975.3</u>	<u>13,185.9</u>
Unsecured notes:		
— gaming operations	<u>9,400.6</u>	<u>9,388.0</u>
Convertible bonds:		
— gaming operations	1,016.8	—
— hotel, catering, retail and leasing operations	<u>377.5</u>	—
	<u>1,394.3</u>	—
Other segment liabilities:		
— gaming operations	4,050.8	3,261.1
— hotel, catering, retail and leasing operations	<u>591.4</u>	<u>651.8</u>
	<u>4,642.2</u>	<u>3,912.9</u>
Total segment liabilities	34,412.4	26,486.8
Unallocated liabilities	<u>2,221.9</u>	<u>3,014.3</u>
Group's total	<u><u>36,634.3</u></u>	<u><u>29,501.1</u></u>

### 3. OPERATING SEGMENTS (Continued)

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

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

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

- (c) Other segment information of the Group

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Additions to non-current assets: (other than financial instruments)		
— gaming operations	1,558.5	48.4
— hotel, catering, retail and leasing operations	8.1	4.4
— corporate level*	<u>649.6</u>	<u>1,478.5</u>
	<u><u>2,216.2</u></u>	<u><u>1,531.3</u></u>
* Amount includes certain property and equipment, certain right-of-use assets and certain deposits made on acquisitions of property and equipment where the directors of the Company consider it impracticable to divide into individual segments.		
Depreciation and amortisation:		
— gaming operations	884.8	796.5
— hotel, catering, retail and leasing operations	943.9	395.4
— corporate level	<u>66.6</u>	<u>64.3</u>
	<u><u>1,895.3</u></u>	<u><u>1,256.2</u></u>
Loss (gain) on disposals/write-off of property and equipment:		
— gaming operations	2.1	(0.1)
— hotel, catering, retail and leasing operations	—	0.1
— corporate level	<u>—</u>	<u>0.1</u>
	<u><u>2.1</u></u>	<u><u>0.1</u></u>
Gain on early termination of lease contracts:		
— gaming operations	<u><u>(1.7)</u></u>	<u><u>—</u></u>

### 3. OPERATING SEGMENTS (Continued)

#### (c) Other segment information of the Group (Continued)

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Finance costs:		
— gaming operations	1,087.3	321.4
— hotel, catering, retail and leasing operations	16.6	9.0
— corporate level	<u>18.7</u>	<u>12.9</u>
	<u><u>1,122.6</u></u>	<u><u>343.3</u></u>
Interest income:		
— gaming operations	28.2	5.6
— hotel, catering, retail and leasing operations	3.4	—
— corporate level	<u>14.3</u>	<u>3.8</u>
	<u><u>45.9</u></u>	<u><u>9.4</u></u>
Impairment loss on financial assets:		
— gaming operations	<u>143.7</u>	<u>—</u>
Impairment loss on property and equipment:		
— gaming operations	476.7	—
— hotel, catering, retail and leasing operations	<u>738.2</u>	<u>—</u>
	<u><u>1,214.9</u></u>	<u><u>—</u></u>

All revenues during each of the reporting periods are derived from customers in Macau SAR and almost all of the non-current assets, other than financial instruments, of the Group are located in Macau SAR. None of the customers of the Group contributed more than 10% of the total revenues during the reporting period.

#### 4. GAMING REVENUE

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Gaming revenue from		
— VIP gaming operations	486.3	1,359.2
— mass market table gaming operations	5,552.5	8,472.1
— slot machine and other gaming operations	<u>416.3</u>	<u>537.1</u>
	6,455.1	10,368.4
Less: commissions and incentives	<u>(363.1)</u>	<u>(760.5)</u>
	<u><u>6,092.0</u></u>	<u><u>9,607.9</u></u>

#### 5. FINANCE COSTS

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Interests on		
— bank loans	588.2	244.1
— unsecured notes	435.1	385.4
— convertible bonds	64.7	—
— lease liabilities	19.9	28.1
— loan from ultimate holding company	6.8	—
Imputed interest on an amount due to non-controlling interests of a subsidiary	<u>7.9</u>	<u>7.3</u>
	1,122.6	664.9
Less: Amount capitalised	<u>—</u>	<u>(321.6)</u>
	<u><u>1,122.6</u></u>	<u><u>343.3</u></u>

## 6. LOSS BEFORE TAXATION

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration		
— fees, salaries, bonus and other benefits	57.5	72.7
Less: Amount capitalised	<u>(3.8)</u>	<u>(9.7)</u>
	<u>53.7</u>	<u>63.0</u>
Retirement benefits scheme contributions for other staff	213.7	213.3
Less: Forfeited contributions	<u>(12.6)</u>	<u>(17.0)</u>
	<u>201.1</u>	<u>196.3</u>
Other staff costs	<u>5,319.1</u>	<u>5,883.1</u>
Total employee benefit expenses	<u>5,573.9</u>	<u>6,142.4</u>
Auditor's remuneration	16.6	15.2
Amortisation of intangible asset (including in operating and administrative expenses)	89.6	87.8
Depreciation of property and equipment	1,457.4	770.9
Depreciation of right-of-use assets	348.3	397.5
Loss on derecognition of a bank loan	—	0.5
Loss on modification on a bank loan	19.6	—
Loss on disposals/write-off of property and equipment	2.1	0.1
<i>and after crediting:</i>		
Bank interest income	45.9	9.4
COVID-19-related rent concessions ( <i>Note</i> )	76.1	47.6
Dividend income	0.2	3.0
Gain on early termination of lease contracts	1.7	—
Gain on early repayment of a bank loan	<u>—</u>	<u>67.5</u>

*Note:* During the year ended 31 December 2022, lessors of various casino properties, commercial properties and motor vehicles provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 15% to 30% (2021: ranging from 15% to 76%) over six to twelve months (2021: six to twelve months).

These were rent concessions occurred as a direct consequence of COVID-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$76.1 million (2021: HK\$47.6 million) were recognised as negative variable lease payments.

## 7. TAXATION

	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Macau SAR Complementary Tax (“CT”)		
— current tax	61.1	21.9
— overprovision in prior year	<u>—</u>	<u>(0.5)</u>
	61.1	21.4
Deferred taxation credit	<u>—</u>	<u>—</u>
	<u><b>61.1</b></u>	<u><b>21.4</b></u>

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

In addition, pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR Government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.9 million) for the year ended 31 December 2021 and MOP11.0 million (equivalent to HK\$10.7 million) for the period from 1 January 2022 to 26 June 2022, regardless of any dividend distributed by SJM during the relevant year. SJM is in the progress of obtaining the extension of approval from Financial Services Bureau of the Macau SAR Government for the period from 27 June 2022 to 31 December 2022.

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

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

## 8. DIVIDENDS

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

## 9. LOSS PER SHARE

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

### *Loss*

	<b>2022</b>	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u><b>(7,798.4)</b></u>	<u>(4,143.7)</u>

### *Number of shares*

	<b>2022</b>	2021
		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>6,362,128,016</b></u>	<u>6,078,562,181</u>

	<b>2022</b>	2021
		(Restated)
Loss per share:		
— Basic	<b>HK(122.6) cents</b>	HK(68.2) cents
— Diluted	<b>HK(122.6) cents</b>	HK(68.2) cents

*Note:* The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for rights issue on 22 September 2022.

For the year ended 31 December 2022, the diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bonds (2021: the exercise of the Company's share options) because the assumed exercise would result in a decrease in loss per share (2021: would result in a decrease in loss per share).

## 10. TRADE AND OTHER RECEIVABLES

	<b>2022</b> <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Advances to gaming promoters and patrons, net	<b>2.3</b>	0.2
Lease receivables	<b>118.1</b>	63.0
Other receivables from gaming promoters and service providers, net	<b>225.4</b>	301.6
Prepayments	<b>175.5</b>	173.4
Other sundry receivables	<b>173.4</b>	187.9
	<b><u>694.7</u></b>	<u>726.1</u>

As at 1 January 2021, the carrying amount of advances to gaming promoters and patrons was HK\$112.5 million.

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 and patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 31 December 2022, all of 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. The Group has enforceable right and intends to offset the advances against commission payables to or deposits from relevant gaming promoters and patrons. In addition, in the event that gaming promoters and patrons fail to repay, the Group has the right, pursuant to the relevant gaming promoters and patrons agreement, to offset or withhold the other payables to those gaming promoters and patrons, realise cheques and execute guarantees.

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

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:

	<b>2022</b> <i>HK\$ million</i>	2021 <i>HK\$ million</i>
<i>Age</i>		
0 to 30 days	<b><u>2.3</u></b>	<u>0.2</u>

The lease receivables are mainly arising from rent-free periods provided to the tenants.

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

## 11. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Trade payables	86.6	263.4
Special gaming tax payable	174.0	365.4
Chips in circulation	279.7	655.6
Chips in custody and deposits received from gaming patrons and gaming promoters	216.9	328.1
Payables for acquisition of property and equipment	178.8	64.4
Construction payables	1,692.6	2,510.8
Accrued staff costs	582.1	826.4
Accrued operating expenses	70.4	32.6
Withholding tax payable	15.8	19.8
Other sundry payables and accruals	<u>509.6</u>	<u>538.9</u>
	<b>3,806.5</b>	5,605.4
Less: Non-current portion of other payables ( <i>Note</i> )	<u>(71.4)</u>	<u>(87.6)</u>
	<b><u>3,735.1</u></b>	<b><u>5,517.8</u></b>

*Note:* Non-current portion of other payables comprise of construction payables of nil (2021: HK\$13.3 million) and deposits received for rentals of HK\$71.4 million (2021: HK\$74.3 million) at 31 December 2022. The management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period.

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

	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>Age</b>		
0 to 30 days	68.2	244.4
31 to 60 days	9.8	11.7
61 to 90 days	3.7	3.1
Over 90 days	<u>4.9</u>	<u>4.2</u>
	<b><u>86.6</u></b>	<b><u>263.4</u></b>

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)

### Business Model and Key Strategies

Our strategic objective is sustainable long-term growth in shareholder value. As a leading operator, owner and developer of casinos and related businesses in Macau, our key strategies for delivering this objective are as follows:

- We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by government regulation.
- We will continue to improve our existing businesses in a cost-effective and sustainable way.
- We will remain focused principally on Macau, while selectively considering opportunities for future expansion in the Asian region.
- We will maintain a strong financial position, with a view to sustainable long-term growth.

### Group Operating Results

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2022 and for the earlier year are shown below:

	For the year ended 31 December		
	2022	2021	
Group operating results	HK\$ million	HK\$ million	(Decrease)
Total net revenue	6,679	10,076	(33.7%)
Net gaming revenue	6,092	9,608	(36.6%)
Loss attributable to owners of the Company	(7,798)	(4,144)	(88.2%)
Adjusted EBITDA <sup>1</sup>	(3,095)	(1,581)	(95.8%)
Adjusted EBITDA Margin <sup>2</sup>	(46.3%)	(15.7%)	(30.6pts)

<sup>1</sup> Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on a bank loan, loss on derecognition of a bank loan, gain on early termination of lease contracts, sub-concession fee income and pre-opening expenses.

<sup>2</sup> Adjusted EBITDA Margin is Adjusted EBITDA divided by total net revenue.

Total net revenue was \$6,679 million for the year ended 31 December 2022, a decrease of 33.7%, compared to \$10,076 million for the year ended 31 December 2021. The decrease was driven by VIP gaming revenue and mass market table gaming revenue.

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

	For the year ended 31 December		
	2022	2021	(Decrease)
	<i>HK\$ million</i>	<i>HK\$ million</i>	
VIP Gross Gaming Revenue	<b>486</b>	1,359	<b>(64.2%)</b>
Mass Market Gross Gaming Revenue	<b>5,553</b>	8,472	<b>(34.5%)</b>
Slot Machine Gross Gaming Revenue	<b>416</b>	537	<b>(22.5%)</b>
Gross Gaming Revenue	<b>6,455</b>	10,368	<b>(37.7%)</b>
Commissions and incentives	<b>(363)</b>	(760)	<b>(52.2%)</b>
Net Gaming Revenue	<b>6,092</b>	9,608	<b>(36.6%)</b>

Casino Grand Lisboa Palace Statistics	For the year ended 31 December			
	2022	2021	Variance	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
Mass Market	<b>309</b>	170	<b>139</b>	<b>81.8%</b>
Slot	<b>37</b>	30	<b>7</b>	<b>23.3%</b>
Gross Gaming Revenues	<b>346</b>	200	<b>146</b>	<b>73.0%</b>
Mass Table Drop	<b>2,017</b>	1,054	<b>963</b>	<b>91.4%</b>
Mass Table Win	<b>309</b>	170	<b>139</b>	<b>81.8%</b>
Non-Rolling Chip Win %	<b>15.3%</b>	16.2%	—	<b>(0.9 pts)</b>
Slot Handle	<b>1,122</b>	514	<b>608</b>	<b>118.3%</b>
Slot Win	<b>37</b>	30	<b>7</b>	<b>23.3%</b>
Slot Win %	<b>3.3%</b>	5.8%	—	<b>(2.5 pts)</b>

**For the year ended 31 December**

<b>Casino Grand Lisboa Statistics</b>	<b>2022</b>	2021	<b>Variance</b>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
VIP	<b>252</b>	693	<b>(441)</b>	<b>(63.6%)</b>
Mass Market	<b>700</b>	1,271	<b>(571)</b>	<b>(44.9%)</b>
Slot	<b>115</b>	188	<b>(73)</b>	<b>(38.8%)</b>
Gross Gaming Revenues	<b>1,067</b>	2,152	<b>(1,085)</b>	<b>(50.4%)</b>
VIP Chip Sales Volume	<b>7,227</b>	22,649	<b>(15,422)</b>	<b>(68.1%)</b>
Win	<b>252</b>	693	<b>(441)</b>	<b>(63.6%)</b>
Hold %	<b>3.5%</b>	3.1%	—	<b>0.4 pts</b>
Mass Table Drop	<b>3,256</b>	6,273	<b>(3,017)</b>	<b>(48.1%)</b>
Mass Table Win	<b>700</b>	1,271	<b>(571)</b>	<b>(44.9%)</b>
Non-Rolling Chip Win %	<b>21.5%</b>	20.3%	—	<b>1.2 pts</b>
Slot Handle	<b>2,503</b>	3,676	<b>(1,173)</b>	<b>(31.9%)</b>
Slot Win	<b>115</b>	188	<b>(73)</b>	<b>(38.8%)</b>
Slot Win %	<b>4.6%</b>	5.1%	—	<b>(0.5 pts)</b>

**For the year ended 31 December**

<b>Other Self-promoted Casino Statistics</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
VIP	—	10	(10)	(100.0%)
Mass Market	<b>1,116</b>	1,334	(218)	(16.3%)
Slot	<b>138</b>	147	(9)	(6.1%)
Gross Gaming Revenues	<b>1,254</b>	1,491	(237)	(15.9%)
VIP Chip Sales Volume	—	226	(226)	(100.0%)
Win	—	10	(10)	(100.0%)
Hold %	—%	4.6%	—	(4.6 pts)
Mass Table Drop	<b>8,219</b>	9,821	(1,602)	(16.3%)
Mass Table Win	<b>1,116</b>	1,334	(218)	(16.3%)
Non-Rolling Chip Win %	<b>13.6%</b>	13.6%	—	(0.004 pts)
Slot Handle	<b>2,865</b>	2,813	52	1.8%
Slot Win	<b>138</b>	147	(9)	(6.1%)
Slot Win %	<b>4.8%</b>	5.2%	—	(0.4 pts)

**For the year ended 31 December**

<b>Satellite Casino Statistics</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
Revenues:				
VIP	<b>234</b>	656	(422)	(64.3%)
Mass Market	<b>3,428</b>	5,697	(2,269)	(39.8%)
Slot	<b>126</b>	172	(46)	(26.7%)
Gross Gaming Revenues	<b>3,788</b>	6,525	(2,737)	(41.9%)

As at 31 December 2022, SJM operated 9 satellite (third party-promoted) casinos, as follows: Casino Casa Real, Casino Landmark, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino L’Arc Macau, Casino Legend Palace and Casino Ponte 16. Casino Babylon, Casino Diamond, Casino Golden Dragon, Casino Million Dragon and Casino Royal Dragon were closed on 27 December 2022. As at 31 December 2021, SJM operated 14 satellite casinos.

The following table summarises the key results for the Group:

<b>Adjusted Property EBITDA<sup>1</sup> for Group</b>	<b>For the year ended 31 December</b>			<b>Variance %</b>
	<b>2022 HK\$ million</b>	<b>2021 HK\$ million</b>	<b>HK\$ million</b>	
Grand Lisboa Palace	<b>(969)</b>	(423)	<b>(546)</b>	<b>(129.1%)</b>
Grand Lisboa	<b>(758)</b>	(522)	<b>(236)</b>	<b>(45.2%)</b>
Other Self-promoted <sup>2</sup>	<b>(474)</b>	(491)	<b>17</b>	<b>3.5%</b>
Satellite <sup>3</sup>	<b>(635)</b>	106	<b>(741)</b>	<b>(699.1%)</b>
<b>Total</b>	<b><u>(2,836)</u></b>	<b><u>(1,330)</u></b>	<b><u>(1,506)</u></b>	<b><u>(113.2%)</u></b>

<sup>1</sup> Adjusted Property EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on a bank loan, loss on derecognition of a bank loan, gain on early termination of lease contracts, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

<sup>2</sup> Casino Lisboa, Casino Oceanus at Jai-Alai (including the gaming area in the Jai-Alai building), and Jai-Alai Hotel and other non-gaming area. (Casino Eastern and Casino Taipa were closed on 27 December 2022.)

<sup>3</sup> Nine satellite casinos as at 31 December 2022. (Five satellite casinos were closed on 27 December 2022.)

The following table summarizes the results of hotel room activity:

<b>Hotel Statistics</b>	<b>For the year ended 31 December</b>			<b>Variance</b>	<b>%</b>
	<b>2022</b>	<b>2021</b>			
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>		
<b>Occupancy %</b>					
Grand Lisboa Palace Resort <sup>1</sup>	<b>32.2%</b>	48.7%	—		<b>(16.5 pts)</b>
Grand Lisboa Hotel	<b>46.2%</b>	58.8%	—		<b>(12.6 pts)</b>
Jai-Alai Hotel	<b>72.4%</b>	62.2%	—		<b>10.2 pts</b>
Sofitel at Ponte 16	<b>48.4%</b>	52.2%	—		<b>(3.8 pts)</b>
<b>Average Daily Rate (ADR)</b>					
Grand Lisboa Palace Resort <sup>1</sup>	<b>916</b>	914	<b>2</b>		<b>0.2%</b>
Grand Lisboa Hotel	<b>634</b>	706	<b>(72)</b>		<b>(10.2%)</b>
Jai-Alai Hotel	<b>178</b>	212	<b>(34)</b>		<b>(16.0%)</b>
Sofitel at Ponte 16	<b>495</b>	496	<b>(1)</b>		<b>(0.2%)</b>
<b>Revenue per Available Room (RevPAR)</b>					
Grand Lisboa Palace Resort <sup>1</sup>	<b>295</b>	445	<b>(150)</b>		<b>(33.7%)</b>
Grand Lisboa Hotel	<b>293</b>	415	<b>(122)</b>		<b>(29.4%)</b>
Jai-Alai Hotel	<b>129</b>	132	<b>(3)</b>		<b>(2.3%)</b>
Sofitel at Ponte 16	<b>240</b>	259	<b>(19)</b>		<b>(7.3%)</b>

<sup>1</sup> Grand Lisboa Palace Resort included two hotel towers — the Grand Lisboa Palace and THE KARL LAGERFELD which opened in the second half of 2021.

## **PROSPECTS AND RECENT DEVELOPMENTS**

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

### **Macau Gaming Concession**

On 23 June 2022 the Macau Government and SJM entered into a Concession Amendment Contract pursuant to which the gaming concession of SJM, which was due to expire on 26 June 2022, was extended for a further period up to 31 December 2022. Under the terms of the Concession Amendment Contract, SJM was required to pay the Macau Government MOP47 million (equivalent to approximately HK\$45.63 million) as a premium for such extension.

On 16 December 2022, the Macau Government confirmed that it had awarded SJM a new gaming concession as approved and authorised by the Macau Government for a 10-year period commencing on 1 January 2023 and ending on 31 December 2032.

Under the terms of the New Concession Contract, SJM shall pay the Macau Government a fixed premium and variable premium. The premium is payable monthly and annually during the life of the New Concession Period. In addition, SJM shall also pay a special gaming tax, Tourism Contribution and Cultural Contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively.

Since the casino premises, which were owned and operated by the Group, revert to the Macau Government at the end of the earlier concession, SJM will pay an annual utilization fee for use of casino space owned by the Macau Government. On 30 December 2022, the Macau Government has established in the deed of reversion regarding, among other things, the annual utilisation fee for the casino spaces at Casino Grand Lisboa, Casino Grand Lisboa Palace, Casino Lisboa and Casino Oceanus at Jai-Alai, which will be reverted to the Macau Government. SJM will pay an annual utilisation fee of approximately MOP69.0 million (equivalent to approximately HK\$67.0 million), subject to inflation adjustment as set out below, to the Macau Government from 2023 (i.e., the first year) to 2025 (i.e., the third year). From 2026 (i.e., the fourth year) onward, the annual utilisation fee will be adjusted to approximately MOP229.3 million (equivalent to approximately HK\$222.6 million), subject to inflation adjustment.

The utilisation fee for the first year corresponds to the area of the casinos multiplied by MOP750/sq.m. (equivalent to approximately HK\$728/sq.m.), with those for the second and third years being updated based on the value of the previous year and in accordance with the average price index in Macau; and the utilisation fee for the fourth year corresponds to the area of the casinos multiplied by MOP2,500/sq.m. (equivalent to approximately HK\$2,427/sq.m.), with those for the subsequent years being updated based on the value of the previous year and in accordance with the average price index in Macau.

SJM committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) during the life of the New Concession Period. SJM is obliged to further increase the total amount of the non-gaming investment obligations when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) before 2027.

Under the New Concession Contract, SJM is required to provide a bank guarantee in the amount of MOP1,000 million (equivalent to approximately HK\$971 million) to guarantee (i) the performance of the statutory and contractual obligations under the New Concession Contract; (ii) payment of the premium on time; (iii) payment of the potential fines or other monetary penalties; (iv) payment of all or part of the non-fulfilment of the obligations; and (v) fulfilment of the labour liabilities, for the New Concession Period and for 180 days thereafter.

On 17 December 2022, SJM was notified by the Macau Government that it was authorised to operate 1,250 gaming tables and 1,700 gaming machines under the New Concession Contract.

### **COVID-19 Pandemic Update**

Around the end of 2022, Macau and Mainland travel restrictions were materially relaxed. Current regulations permit visitors from the Mainland, Hong Kong and Taiwan to visit Macau without proof of COVID-19 testing. Visitors from other areas are currently permitted with proof of negative nucleic acid test or rapid antigen test within 48 hours. All quarantine requirements have been suspended.

Notwithstanding, throughout most of 2022 Macau's tourism business was severely impacted by pandemic. COVID-19 outbreaks in Hong Kong and Guangdong were experienced in the early part of the year and in Macau in June. In response to the latter, the Macau Government ordered all casinos closed from July 11 until July 22. After a consolidation period, domestic measures in Macau including those regarding casino access such as temperature checks and social distancing rules have been progressively relaxed.

Visitation to Macau was severely disrupted during the year, with total visitation of 5.7 million a reduction of 26.0% from the number of visitors in 2021, and only 14.5% of the number of visitor arrivals in 2019 — the last pre-pandemic year. Around the end of 2022, though, significant measures were taken that have already shown results in the first quarter of 2023. In recent months Macau has experienced the gradual resumption of ferry services, tour group arrivals and flight traffic. Thus, January 2023 visitation increased by 101.3% from the previous year to 1.4 million, of which 70.9% was from the Mainland and 25.5% from Hong Kong.

At the present time, given the evolving conditions of and in response to the COVID-19 pandemic, it is still not possible to determine when visitation to Macau will fully recover or whether travel restrictions could be reintroduced if there are adverse developments in the pandemic situation.

## **Rationalisation Program of Casino Properties**

During the previous year, SJM took a number of actions to rationalise its portfolio of casino properties in preparation for the new concession and the post-pandemic economy.

On 27 December 2022, five Satellite casinos (Casino Babylon, Casino Diamond, Casino Golden Dragon, Casino Million Dragon and Casino Royal Dragon) were closed. Also on 27 December 2022, two self-promoted casinos (Casino Eastern and Casino Taipa) were closed.

Earlier in the year, as announced by the Company on 26 May 2022, SJM acquired the non-gaming area of the Oceanus Building. Subsequently, the Company agreed to sublease the Jai-Alai Building for one year up to 31 December 2023.

Details of the impairment charge relating to the rationalisation program were announced by the Company on 6 March 2023.

## **Harbour Dredging Contract**

SJM announced on 29 December 2022 that SJM's wholly owned subsidiary Macau Dredging Services Limited has been awarded the concession for the provision of dredging and maintenance services of Macau's public waterways and harbour basins. The Macau Government had launched a public tender for the harbor dredging services in August 2022. According to the agreement signed with the Macau Government, Macau Dredging Services Limited will provide services in designated areas to meet annual dredging volume requirements. The agreement is effective from 1 January 2023 until 31 December 2027.

## FINANCIAL REVIEW

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

### Liquidity, Financial Resources and Capital Structure

The Group had bank balances and cash amounting to \$6,856 million (not including pledged bank deposits of \$1,154 million) as at 31 December 2022. This represented an increase of 114.1% as compared with the position as at 31 December 2021 of \$3,201 million.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2022 amounted to \$18,975 million (as at 31 December 2021: \$13,186 million). Total senior notes and convertible bonds issued by the Group as at 31 December 2022 amounted to \$10,795 million (as at 31 December 2021: \$9,388 million). Loan from ultimate holding company as at 31 December 2022 amounted to \$2,007 million. The maturity of the Group's borrowings as at 31 December 2022 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
2%	3%	36%	59%	100%

### Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans, convertible bonds, senior notes and loan from ultimate holding company less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 53.2% at the end of the Reporting Period (as at 31 December 2021: 41.3%)

### Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$311 million as at 31 December 2022 (as at 31 December 2021: \$479 million), of which \$210 million were for the Grand Lisboa Palace project. As at 31 December 2022, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

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

### Pledge of Assets

As at 31 December 2022, certain of the Group's property and equipment and right-of-use assets with carrying values of \$35,560 million and \$1,756 million, respectively (as at 31 December 2021: \$37,989 million and \$1,801 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$1,154 million as at 31 December 2022 (2021: \$147 million).

## **Convertible Bond Issuance**

On 22 June 2022, a wholly-owned subsidiary of the Group, Champion Power Global Limited, issued a 2% Convertible Bond with principal amount of \$1,906 million and final maturity date of 22 June 2027. The Convertible Bond is convertible into ordinary shares of the Company at an initial conversion price of \$4.07 per conversion share (adjusted to \$3.78 following the rights issue described below).

The Convertible Bond was issued to Sociedade de Turismo e Diversões de Macau, S.A. (“**STDM**”), the controlling shareholder of the Company, for acquisition of a portion of the property Casino Oceanus (“**Oceanus Building**”) by Harbour Tide Limited (the “**Purchaser**”) (a subsidiary of the Company) from Jai-Alai Shopping Centre Company Limited (the “**Seller**”) (an indirect wholly-owned subsidiary of STDM) and the disposal by the Seller of the remaining portion of Oceanus Building and the transactions contemplated thereunder in accordance with the transfer agreement dated 26 May 2022 entered into among the Purchaser, the Company, Champion Power Global Limited, the Seller and STDM.

## **Syndicated Loan Facilities**

SJM entered into a facility agreement on 20 June 2022 with a banking syndicate led by Industrial and Commercial Bank of China (Macau) Limited for syndicated loan facilities of up to HK\$19 billion representing a HK\$9 billion Term Loan Facility and a HK\$10 billion Revolving Loan Facility. The new loan facilities have a new maturity date of 20 June 2028 and an effective interest rate at HIBOR or MAIBOR plus 1.25%–2.25%.

Approximately HK\$13 billion of the new loan facilities was used to repay existing syndicated loan facilities entered into by SJM in September 2016. Therefore, after this refinancing, SJM’s liquidity increased by approximately HK\$6 billion.

## **Term Loan with STDM**

On 3 August 2022, the Company announced that STDM had agreed to extend an unsecured term loan of HK\$2 billion. The loan is for a fixed period of 6 years from the date of drawdown and bears interest at 4% per annum.

STDM provided the loan to the Company to enable the Company to invest in its principal subsidiary SJM as part of the increase in share capital which SJM was required to have to pre-qualify for the tender process for the new gaming concession.

## **Rights Issue**

At the same time, the Company launched a rights issue by which 1,420,361,073 new shares were issued and net proceeds of approximately HK\$2,936 million were raised, on the basis of one rights share for every four existing shares. The Company applied approximately HK\$2,700 million to fund the increase in SJM’s share capital and the balance for the general working capital of the Group.

## **Contingent Liabilities and Guarantees**

As at 31 December 2022, the total amount of guarantees of the Group given to banks of \$67 million (2021: \$87 million), which were guarantees in respect of credit facilities granted to an associate. The Group had no significant contingent liabilities as at 31 December 2022.

## **Financial Risk**

The Group follows a conservative policy in financial management with minimal exposure to the risks of currency and interest rate. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations. All of the Group's bank deposits are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy to avoid speculative trading activity.

## **Material Acquisitions and Disposals**

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the year ended 31 December 2022.

## **Human Resources**

As at 31 December 2022, the Group had approximately 18,600 full-time employees. The Group's employee turnover rate was minimal in 2022.

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

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

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

Save for the 1,420,361,073 Rights Shares issued by the Company as part of the Rights Issue (both as defined in the announcement of the Company dated 3 August 2022), neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year ended 31 December 2022.

## **CORPORATE GOVERNANCE CODE**

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the year ended 31 December 2022, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

## **CLOSURE OF REGISTER OF MEMBERS FOR 2023 ANNUAL GENERAL MEETING**

Book close dates for 2023 Annual General Meeting (both days inclusive)	: 9 June 2023 to 15 June 2023
Latest share registration date for 2023 Annual General Meeting	: 8 June 2023
Latest time to lodge transfer documents with the Company's share registrar	: 4:30 p.m. on Thursday, 8 June 2023
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

## **2023 ANNUAL GENERAL MEETING**

The 2023 Annual General Meeting of the Company is currently scheduled on Thursday, 15 June 2023. Notice of Annual General Meeting will be published on the Stock Exchange's website and the Company's website and despatched to shareholders of the Company in due course

## **PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS**

The Group's consolidated financial statements for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditor, Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

By order of the Board  
**SJM Holdings Limited**  
**Ho Chiu Fung, Daisy**  
*Chairman and Executive Director*

Hong Kong, 8 March 2023

*As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. So Shu Fai, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Tse Hau Yin, Ms. Wong Yu Pok, Marina, Mr. Yeung Ping Leung, Howard and Mr. Ho Hau Chong, Norman.*